



COUNTRY COMMERCIAL GUIDE

ITALY

FISCAL YEAR 2005

Prepared by the U.S. Commercial Service,
Foreign Agricultural Service,
Economic Section,
Political Section,
Labor Section,
Consular Section, and
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Chapter 1. EXECUTIVE SUMMARY

This Country Commercial Guide (CCG) for fiscal year 2004 has been prepared by elements of the U.S. Mission to Italy Country Team and provides background, together with political, economic, and commercial analysis, on the business environment in Italy. It is intended as a resource for American enterprises conducting business in Italy. On the recommendation of the U.S. Government's interagency Trade Promotion Coordinating Committee (TPCC), the CCG was established to consolidate various reports prepared for the American business community. CCGs are prepared annually at U.S. Missions around the world.

One of the U.S. Mission to Italy's highest priorities is to expand commercial relations between the United States and Italy. The United States and Italy already have strong commercial ties on which to build. The United States remains the top non-European investor in Italy, with more than \$19.5 billion invested as of the end of 2003. More than 1,000 multinational companies operate in Italy, of which about one-quarter are American. Two-way trade was a robust \$36 billion in 2003, with Italy ranked 10th among U.S. trading partners. However, Italy exported twice as many products and services to the United States as the United States exported to Italy, resulting in a U.S. trade deficit with Italy of more than \$14.9 billion in 2003. In 2003 Italy was ranked 7th among the countries with which the U.S. has a trade deficit. Several factors account for this trade deficit. Among them, a relatively higher U.S. economic growth rate, and the Italian market's relatively low profile in the United States. The size and importance of the Italian economy, the sixth largest among market economies, are not fully appreciated by American exporters. The U.S. Mission seeks to increase American interest in the highly promising Italian market. This includes raising awareness of possible business opportunities in Italy's developing regions, which are designated for major infrastructure development in the next few years.

The potential for expanded American exports to Italy is significant. Among the areas that are ready for growth, if Italy continues to adopt the institutional changes that are necessary to succeed in the competitive global economy, are: infrastructure development, information and communications technology, and services. Legislation, such as the intellectual property protection statute passed in July 2000 to combat piracy of software, films, music, and books, is encouraging for American firms considering business in Italy. Although Italy has ranked lower than other European countries in recent economic surveys, due to impediments such as a burdensome and complicated tax system, labor rigidity, a lack of physical infrastructure in certain regions, and crime, it has made some minor progress in confronting some of these. Moreover, Government liberalization and privatization will create considerable potential for U.S.-Italian public and private partnerships.

Entrepreneurs and officials from both countries must continue to encourage a lessening of barriers to trade, through bilateral, U.S.-European Union (EU), and international institutions such as the World Trade Organization. Reducing such obstacles will expand the number and breadth of commercial opportunities and foster the market conditions for international partnerships in the truly global sectors of aerospace, energy, information technologies, telecommunications, architecture and engineering, transportation, and medicines and pharmaceuticals. Italy and the United States retain impressive capacities in each of these and may furnish equally extraordinary combinations.

The American Embassy and Consulates in Italy work closely with the American Chamber of Commerce in Italy (AmCham) on major issues affecting business opportunities in Italy. Founded in 1915 and headquartered in Milan, the AmCham is one of the largest chambers in the world, with a mix of both U.S. and Italian firms. Its objectives are to promote and represent the interests of its members in matters of trade and industry between and within the United States and Italy and to encourage and facilitate commerce between the two countries. The AmCham is affiliated with the U.S. Chamber of Commerce in Washington, D.C. It is also a founding member of the European Council of American Chambers of Commerce.

In order to attract more American firms to the Italian market, the U.S. Mission's commercial sections actively participate in the U.S. Department of Commerce's trade promotion program called "Showcase Europe." This program intends to open European markets to more U.S. firms by reducing tariff and non-tariff barriers to trade, ensuring full access to government procurement opportunities and national treatment for investors, and helping U.S. firms broaden their efforts beyond their traditional markets in Europe. Working with sister sections at Embassies and Consulates across Europe, the U.S. Mission's commercial sections use a variety of vehicles to bring Italy to the attention of U.S. firms. They plan an active program of trade events and promotional activities throughout Italy to introduce new American products and services in the Italian market.

Country Commercial Guides can be ordered in hard copy or on diskette from the National Technical Information Service (NTIS) at 1-800-553-NTIS. U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest Export Assistance Center or the U.S. Department of Commerce's Trade Information Center at (800) USA-TRADE, or go to one of the following websites: www.usatrade.gov; or www.tradeinfo.doc.gov.

Chapter 2. ECONOMIC TRENDS AND OUTLOOK

MAJOR TRENDS AND OUTLOOK

During most of the 1990's, Italy's gross domestic product (GDP) growth was the slowest in what is now the Economic and Monetary Union (EMU) zone. The gap was once attributed to the tough budget discipline of the '90s, but now, at the end of the EMU accession process, seems to reflect structural impediments in the Italian economy that discourage investment and job creation. In the period 1995-2002, Italy had an annual growth rate of 1.5 percent compared to a 2.2 percent growth rate in the EMU zone. Excluding Italy and Germany, the EMU zone grew by 2.8 percent annually in the period 1995-2002, compared to a 3.2 percent annual growth registered in the same period by the U.S. In particular, GDP growth decelerated dramatically in Italy from 1.8 percent in 2001 to a modest 0.4 percent and 0.3 percent, respectively, in 2002 and 2003. In 2003 Italy's modest growth was fairly in line with the growth rate of 0.5 percent registered in the EMU area. Despite modest GDP growth in the last quarter of 2003 and the first quarter of 2004, a recovery driven by consumption is anticipated for the rest of 2004 producing a GDP growth ranging from 1.1 to 1.4 percent, again slightly below the growth rate in the EMU area (1.7 percent).

In 2003, exports dropped by 3.9 percent, which followed a 1.4 decrease in 2002, the first time since the 1950s that exports registered decreases for two years in a row. The deceleration of world growth, the Euro currency's strengthening vis-à-vis the U.S. dollar, and the increase of production costs all contributed to Italy's weak exports in the last two years. Italy suffered from the weak German market (Italy's largest export market) as well as from the crisis of Italy's model of specialization, and strong competition from China. Italy's share of world exports decreased from 4.5 percent in 1995 to 3.6 percent in 2002 and to 3.0 percent in 2003. The value of imports also decreased by 0.6 percent in 2002. The result of these trends was a trade surplus of \$898 million in 2003 (equal to 0.1 percent of GDP), only about one-eighth of the \$7.4 billion (0.8 percent of GDP) trade surplus registered in 2002. Mostly due to the appreciation of the Euro through 2003, Italy increased foreign exchange reserves to \$62.5 billion, up from \$55.3 billion at the end of 2002.

On inflation, Italy is now firmly within norms specified for the EMU, a major achievement for this historically inflation-prone country. Though still relatively high by European standards, annual consumer inflation stood around two percent from 1997 to 1999. Due to the increase of oil prices and to the strengthening of the dollar vis-à-vis the Euro, and later to the inflationary impact of the introduction of the Euro, consumer inflation measured 2.5 percent in 2000, 2.7 percent in 2001, .5 percent in 2002 and 2.7 percent in 2003. Inflation in 2004 grew by an annual rate of 2.3 percent through June, but despite the inflationary pressures of oil prices, is expected to stabilize around 2.2 percent as the annual average for the year.

The key economic challenges facing Italy and its government continue to be keeping the government deficit under control; reforming pensions, taxation and labor systems; continuing efforts to reduce the high level of government debt; reducing unemployment; addressing structural rigidities of the Italian market; and improving public administration and Italy's infrastructure.

ECONOMIC TRENDS AND OUTLOOK FOR AGRICULTURE

Italy's agricultural trade is primarily with other EU Member States. Over 73 percent of total imports (mainly represented by raw materials) come from within the EU, while almost two-thirds of Italian exports (chiefly value-added products) stay within the EU.

U.S. agriculture, fish and forestry exports to Italy suffered from the high dollar for a fourth year and fell to about \$700 million in 2003 compared to their peak value of \$1 billion in 1997. In

2001, Italy imported \$780 million and in 2002 \$754 million in U.S. agricultural products. Neither U.S. nor Italian trade statistics reveal the precise level of imported U.S. products, because of the EU open borders. Many U.S. food and agricultural products (i.e., ingredients, frozen foods and beverages, etc.) arrive in Italy via France and Germany. This trend toward regional distribution has consolidated during the last three years and is expected to continue.

According to U.S. trade statistics, the leading U.S. agricultural exports to Italy in 2003 were: forest products (\$166 million), grains and feed (\$133 million), tree nuts (\$90 million), hides and skins (\$73 million), and seafood (\$50 million). The following product categories also performed well: fruits and vegetables, cotton, soybeans, pet foods, snack foods, dried fruit (prunes), and vegetable seeds.

Italy exported \$2.2 billion in agricultural, fish and forestry products to the United States in 2003, including: wine (\$927 million), cheese (\$209 million) vegetable oils such as olive oil (\$382 million), and wood products (\$88 million).

National and international developments are expected to shape Italy's agricultural sector in the near future. At the national level, the main drivers are national budget review and the decentralization of the decision making process, with an increasing number of agricultural competences being transferred from the Rome government to regional administrations.

At the EU level, the implementation of the 2003 Common Agricultural Policy (CAP) reform (i.e. arable crops, tobacco, olive oil, cotton, hop), the planned reforms of other EU Common Market Organizations (i.e. fruit & vegetables, wine), the May 2004 and the future enlargements of the Union, will greatly influence Italian agriculture.

The "decoupling" of CAP farm payments from agricultural production, and the parallel increase of EU budget for rural development, will probably result in a shift in marginal areas from traditional farming activities to other complementary activities (e.g., rural tourism, landscape management, etc.). The completion of the EU farm policy reform will likely result in different land uses (intensive vs. extensive agriculture) and in a new geographic distribution of productions in the country (re-location where more competitive).

The eventual future accession of countries such as Romania, Bulgaria and Turkey to the EU (likely to happen in the next 5-7 years) is creating some concerns to Italian farmers. This event would increase competition in the EU for some products that are key for Italy, especially fruit, vegetables and olive oil. The effects of this second round of enlargement are expected to be much more stronger than those of the May 2004 enlargement.

The EU Commission is in charge of almost all the extra EU agricultural trade issues, including WTO negotiations and bilateral agreements with other countries (or group of countries). Italy for obvious reasons has a special interest in the current negotiations for the creation of the Mediterranean free trade area (Euromed).

PRINCIPAL GROWTH SECTORS

Italian companies are adjusting to a period of slower growth in both the domestic economy and the euro-zone as a whole. Both inflation and unit labor costs have risen faster in Italy than the euro-area average, eroding Italian exporters' competitiveness and market shares abroad. Italy is heavily dependent on exports to its largest market, Germany, which has also entered a recessionary period. In addition, Italian exporters are also facing increasing competition from lower cost producers in Eastern Europe and Asia in other large export markets in Europe and the United States. To accommodate these conditions, Italian exporters need to streamline operations to reduce production costs, which likely will entail moderate investment in labor-saving equipment and technology. Given the more favorable dollar-euro exchange rate at

present, U.S. firms have a slight pricing advantage vis-à-vis their European competitors, but must be aggressive in identifying opportunities for their products and services.

In general, rationalizing business practices and achieving cost-savings create opportunities for U.S. equipment, technology and expertise in computer software and hardware, management consulting. The full liberalization of the Italian telecommunications market, with a belated but enthusiastic interest in the Internet, is creating substantial business opportunities. Privatization and liberalization in the energy sector following EU directives should also spur future demand for equipment and services in this sector. In addition, the Italian public as well as private sector is looking for ways to improve efficiency while reducing costs, through outsourcing, training programs and better application of new information technologies. U.S. firms with products and services that contribute to the further rationalization and increased competitiveness of the Italian economy will find that Italy offers significant opportunities.

Despite the current economic climate in Italy, the fluctuations in the dollar/euro exchange rate, and the often protectionist regulations of the CAP, there are still many opportunities in the near-to-medium term to both maintain and expand the market for a variety of U.S. agricultural products.

Specific agricultural and non-agricultural products and services which offer good prospects for U.S. firms are described in Chapter V below.

GOVERNMENT ROLE IN THE ECONOMY

In the post World War II period, the Italian state traditionally played a dominant role in the Italian economy. In the early 1990s, the Italian government controlled about a third of all industrial activity and almost two-thirds of banking operations. In many sectors, the state's role was eliminated or vastly reduced. In the last ten years, the GOI raised USD135 billion through privatizations, which helped reduce the debt/GDP ratio from 125 to 106 percent of GDP. Despite substantial sales of state assets in the 1990's, the GOI still holds substantial stakes in more than 20 Italian companies with a total value of more than USD 80 billion. The most important remaining assets to be sold include a significant portion of ENEL, Italy's main electricity producer, in which the GOI owns 61 percent of the stock. The other large assets are the GOI's 30.33 percent share in ENI (Italy's hydrocarbon conglomerate, and the country's largest company) and its 32.34 percent share of Finmeccanica (the large aerospace and defense holding company). Despite official statements, the GOI seems reluctant to sell any part of firms in sectors considered critical to national security, such as aerospace and defense, and is committed to keeping a controlling share in these key companies.

Since 1993, four major banks (Credito Italiano, Banca Commerciale Italiana, Istituto Mobiliare Italiano and Banca Nazionale del Lavoro (BNL)) and the country's second largest insurance company, INA, have seen government control transferred to banking foundations, which are non-profit entities with government-approved directors. IRI, once the major government-owned industrial holding company, dismantled itself through sell-offs in the 1990s. Telecom Italia was sold in a stock offering in 1997. There have been five offerings of stakes in oil and gas parastatal ENI. Since 1999 there have been offerings of 39 percent of Enel, the electricity company; 87 percent of Autostrade, which operates highways; 45 percent of Finmeccanica, the defense industries holding company; and 52 percent of the Rome Airport Authority. In 2001, the Treasury Ministry sold five-percent stakes of the energy holding company ENI and the financial holding company COFIRI. The two transactions produced, respectively, \$2.5 billion and \$500 million. Treasury also sold the rights for third generation wireless telephony for \$11 billion in revenues and sold Elettrogen and Interpower, two of the three electricity-generating companies (GenCo) into which ENEL had been split. Now the government is proceeding with small-scale privatizations. In December 2002, the GOI sold its last remaining 3.46 percent of Telecom Italia for euro 1.4 billion.

Total privatizations in 2003 were worth about Euro 16.6bn. No figures for 2004 are yet available. The GOI sold its 100 percent stake of ETI (the State Tobacco Company) in July 2003 to British American Tobacco for euro 2.32bn. According to the 2002 Finance Ministry plan, the GOI planned to sell 37.58 percent of ENEL, Italy's main electrical power producer, in one large offering. While the GOI did sell 6.6 percent of its shares, reducing the state's stake to 61% of the company, this figure is significantly diminished from the original plan. The GOI wishes to retain a 30 percent share in ENEL, so it can be expected to release additional tranches in the next year or two. In May 2004, PM Berlusconi signed a decree to merge Terna, which owns the Italian electric grid, with GRTN, which manages the electric grid. Subsequently, ENEL (which owns Terna) confirmed its intent to sell approximately 50 percent of its stake in Terna.

In March 2004, ENI, the oil and gas utility, sold a 9.05 percent stake in Snam Rete Gas. There are no current plans to further privatize ENI.

Mediobanca, which bought the Snam Rete Gas shares, also sold its 15 percent stake in Terrenia, the Italian ferry company, back to the state. The GOI holding company Fintecna now holds that stake. A deal to privatize Fincantieri, a ship and ferry building company, fell through in April 2004. Efforts to "split-and-merge" the operations of Finmeccanica (an aerospace and defense company of which the GOI holds 32.34 percent) ran aground for lack of funding. Finmeccanica is expected to sell off part of its stake in ST Microelectronics, in which it is a majority shareholder, but no specifics are yet available.

The GOI has extensive real estate holdings, some of which the GOI plans to sell off. In March 2003, the Carlyle Group (global private equity firm) bought a portfolio of 36 properties in Italy from the country's Ministry of Economy and Finance for an estimated euro 230mn.

The state retains 100 percent ownership in the following companies, with no immediate plans to privatize: Ente Nazionale di Assistenza al Volo (ENAV, transport), Ferrovie dello Stato (railways), and Poste Italiane (postal services). Ferrovie dello Stato broke even in 2000 for the first time, and posted net profits in both 2001 and 2002, so the GOI may soon decide to sell. Between 2003 and 2005, according to Poste Italiane's website, "the group will complete its reorganization and restructuring process," which must be done before the group is put on the auction block. A law signed into effect in June 2004 calls for privatization of state-owned (100 percent) media corporation (TV and radio) RAI by the end of 2005.

No further updates are available on Mediocredito FVG or Coopercredito, in which the GOI has holdings of 34.01% and 14.42%, respectively. The GOI has plans to sell both assets by 2006. SEAT, the producer of telephone yellow pages and directory assistance in Italy, is also slated to be sold by 2006, but, as the GOI only holds a 0.1% interest, this is not an important sale and may not be carried out. The GOI retains its "golden share" in Telecom Italia.

The GOI Treasury still holds a 53 percent stake in Alitalia, the national flag airline. If Alitalia survives its severe financial crisis, through a program of layoffs, new management, and bridge loans, the GOI has vague plans to sell at least some of its share in the distant future.

BALANCE OF PAYMENTS SITUATION

Italy's current account deficit worsened from \$9.5 billion in 2002 (equal to 1.0 percent of GDP) to \$20.5 billion in 2003, (equal to 1.8 percent of GDP). This reflects a worsening of the trade surplus FOB/FOB, which fell from \$13.3 billion in 2002 to \$9.8 billion in 2003, stability in the balance of services and the widening of the national income deficit from a negative \$14.6 to negative \$19.0 billion and of the deficit on transfers from \$5.3 billion to Euro 8.0 billion. Current account surpluses from 1993 to 1997 brought Italy's net external position into balance and, in 1998-1999, produced a net external credit position equal to 4.8 percent of GDP. Starting from the year 2000, however, a deficit in the current account produced a progressive worsening of

Italy's net external position to reach a current account deficit of 5.8 percent of GDP at end 2003. Net portfolio inflow decreased from \$15.2 billion in 2002 (or 1.3 percent of GDP) to \$3.8 billion in 2003 (or 0.3 percent of GDP).

There was a \$7.3 billion net inflow of direct investment in 2003, following a net \$2.5 billion net outflow in 2002. This is the result of \$8.9 Italian direct investment abroad (equal to 0.6 percent of GDP), and \$16.2 FDI in Italy (equal to 1.1 percent of GDP).

INFRASTRUCTURE SITUATION

To jump-start the ambitious ten year effort to improve and expand the transportation network, the Parliament approved the GOI bill that included measures intended to eliminate bureaucratic obstacles to public works and infrastructure investment.

Railroad--The railroad system is operated by the Italian State Railways (Ferrovie dello Stato, abbreviated FS), a government agency. The railroad provides an efficient and economical method of transportation. More than half of the rail system is electrified.

Highway--The highway system is approximately 197,000 miles long, including over 3,000 miles of superhighways, called "autostrade." The network connects the major industrial centers and offers easy access to Northern Europe. Mainly private companies under government concession operate trucking services.

Air--Alitalia, a state-owned company is Italy's principal airline, providing both international and domestic service. Additional service is provided by Lauda Air, Itavia, Air Europe and Meridiana airlines. Charter service is offered by SAM, an Alitalia subsidiary, and by Air One, while air-taxi service is available from Unijet Italia in Rome and Agena in Milan. Italy has an extensive airport network consisting of 19 international, 17 domestic, and 59 general aviation airports. Federal Express, UPS, DHL, and other rapid delivery services are also available.

Sea--Italy has eight major seaports: Gioia Tauro, Genoa, La Spezia, Livorno, Naples, Palermo, Trieste, and Venice. In addition, there are 35 smaller ports primarily used for coastal shipping.

Industrial Districts--Small and medium sized enterprises, especially in the North, have increased Italy's output, exports and job creation. The districts take advantage of areas where many small enterprises operate in the same industry and where the steps of production are divided up among the various enterprises. Over time, cooperation among the firms (and often unions of their workers) has paid off in better exchange of information, group purchases, and market development. The districts have been given legal recognition so that communities have the tools to plan joint activities, tap national and regional financing for projects, establish service contracts (for example, with research institutes and universities), and otherwise maximize public and private resources for the success of their industry and local development.

Chapter 3. POLITICAL ENVIRONMENT

NATURE OF POLITICAL RELATIONSHIP WITH THE UNITED STATES

Italy is an important economic and political partner of the United States. Italy's proximity to areas of tension in the Balkans, the Eastern Mediterranean, and North Africa underscores its strategic significance. A founding member of NATO, Italy has worked with the United States in efforts to promote reconstruction, democratization and stability in Iraq, Afghanistan, and Central and Eastern Europe, implementation of the Dayton accords in Bosnia, and the success of the Middle East Peace Process. Italy played a crucial role in NATO's action in Kosovo and in managing the refugee crisis, as well as in efforts toward economic and political stabilization in Albania. Italy has played a central role in the growth of the European Union, supporting European economic and political integration and advocating a stronger European security and defense identity within NATO.

MAJOR POLITICAL ISSUES AFFECTING BUSINESS CLIMATE

Prime Minister Silvio Berlusconi took office on June 11, 2001, at the head of a center-right coalition government. He succeeded Giuliano Amato, who led a center-left government. The center-right coalition won the May 13, 2001, elections and has a solid majority in Parliament. PM Berlusconi's Forza Italia party experienced setbacks, vis-à-vis its coalition partners, in June 2004 European Parliament and local elections. Despite the ensuing turmoil in the coalition, some observers still predict this government could be the first in Italy's post-war history to last its entire five-year term. In May 2004, the Berlusconi government surpassed the previous record (held by the 1983-86 Bettino Craxi government) for the longest tenure of any post-war Italian government. Former Rome Mayor Francesco Rutelli was the center-left Olive Tree coalition's designated candidate for Prime Minister in the 2001 elections and heads the centrist Daisy coalition. The other, larger, main component of the Olive Tree is the Democrats of the Left (DS).

Under the previous center-left government coalition, Italy succeeded in meeting criteria for entry into the European Monetary Union, pursuing responsible budgets, conservative fiscal policies and privatization. This success was built in part on a tripartite agreement committing Italian employers and unions to an income policy that generated a period of economic stability. In December 1998, government, unions and employers renewed their commitment to a "Social Pact" that, among other provisions, reduced tax burdens on workers and employers to encourage new investment and reduce unemployment. Unions and the current center-right government, in particular, have found it difficult to forge similar partnerships.

In its campaign platform, Berlusconi's government promised more extensive economic reform. Some criticize the government for failing to use its solid majority in both houses to follow through on those promises in a meaningful way, although the center-right coalition has pushed through some initial, and long-overdue, labor market reforms.

Berlusconi's government has pursued responsible budgets, conservative fiscal policies and structural reform. With a solid majority in the Parliament, the government is attempting to push through long-overdue labor market, banking, pension and tax reforms. With Italy's left struggling to reorganize after its solid defeat in 2001, Italy's three most powerful unions (CGIL, CISL, and UIL) have emerged as the voice of the left and have protested the government's actions. In an unprecedented split, however, CISL and UIL have pledged to work with Berlusconi's coalition to address liberalization while CGIL continues to voice its opposition from outside the Government.

BRIEF SYNOPSIS OF POLITICAL SYSTEM/MAJOR POLITICAL PARTIES

The Republic of Italy is a parliamentary democracy. Parliament consists of the Chamber of Deputies (630 members) and the Senate (315 members). The Chamber of Deputies is the more influential body. No single political party commands a parliamentary majority and coalition governments are the norm. Much of Parliament's work takes place in committees.

Executive authority is vested in the Council of Ministers, headed by the President of the Council (Prime Minister) who, as Head of Government, is responsible for its day-to-day functioning. The ministries form the basic structure of the state's public administration. The Berlusconi government has 22.

The President of the Republic is Head of State and has limited powers. He or she appoints the Prime Minister, subject to parliamentary concurrence. The President can also dissolve Parliament and call for elections if it is clear that no governing majority can be formed. The President is elected for a term of seven years by the Members of the Chamber of Deputies, the Senate and representatives of the 20 regions. Carlo Azeglio Ciampi was elected President of the Republic in May, 1999.

The judicial system includes three separate lower courts whose decisions may be appealed to the Assizes Court of Appeals. Decisions of the Assizes Court of Appeals can be appealed to the highest court, the Court of Cassation (Supreme Court) in Rome. The Constitutional Court rules only on matters concerning the constitutional legitimacy of referenda, legislation and other actions of the central and regional governments.

Although State authority in Italy remains centralized, the country has devolved certain responsibility for transportation, health and welfare issues to regional and local bodies. Regions can also present draft laws to Parliament on issues of particular interest.

Major Political Parties:

Center-right "Freedom House" Governing Coalition:
(Led by Prime Minister Silvio Berlusconi)

Forza Italia (FI)
National Alliance (AN)
Northern League (LEGA)
Union of Christian Democrats of the Center (UDC)

Center-left Opposition

Democrats of the Left (DS)
Italian People's Party (PPI)
The Democrats (DEMOCRATICI)
Union of Democrats for Europe (UDEUR)
Italian Renewal (RI)
Italian Communists (PDCI)
The Greens (VERDI)
Italian Democratic Socialists (SDI)

Independents

Communist Renewal (RC)

POLITICAL ENVIRONMENT FOR AGRICULTURE

In the previous center-left Government of Giuliano Amato in 2000, the GOI unilaterally banned the import of the four main biotech corn varieties (even though they had been approved for use within the EU for several years) based on arguments that the products should have had a full EU review instead of an abbreviated review based on substantial equivalence. Imports of non-biotech corn and soybean seed for planting were also hindered over concerns of adventitious biotech presence. Minister of Agriculture Alemanno, while not a member of the Green party, has allied himself with the Greens' position insofar as they oppose the import and use of products derived from agricultural biotechnology.

Chapter 4. MARKETING U.S. PRODUCTS AND SERVICES

DISTRIBUTION AND SALES CHANNELS

American business representatives will find that selling in Italy offers new challenges, but it presents no overwhelming problems. Over 7,500 American companies are actively represented in Italy, with approximately 850 of them having subsidiaries there. U.S. executives may find that some commercial practices differ from those in the United States, but most will be very familiar. The system of retail and wholesale distribution, for instance, centers on small, family-operated stores. Despite this phenomenon, the supermarket-type operation has gained importance, and there are a number of substantial department store operations.

Retail Distribution in Italy

The Italian retail distribution system is faced with the new challenges of competition and technology. Reforms introduced starting in 1998 have entailed some degree of liberalization, especially as regards small retail businesses. Nevertheless, compared to other EU countries, Italy's retail distribution sector is characterized by a large number of small firms and low concentration. In food retailing, for example, the combined market shares of the five largest retailers in Italy is 17.6 percent, the lowest ratio in the EU, and considerably lower than the EU average of around 50 percent. In addition, according to the OECD's 2004 survey of the Italian economy, the retail sector has one of the highest outlet densities in the EU, with a very low average number of employees per enterprise, reflecting the general absence of medium and large retail outlets. Thus, productivity in the sector is low, and estimated mark-ups in wholesale and retail distribution in Italy are among the highest for EU countries.

Accounting for this is the fact that retail distribution in Italy traditionally has been subject to more extensive regulation than in other EU countries and is hindered by numerous restrictions. A law introduced in 1998 liberalized the opening, relocation and expansion of mall-sized outlets by abolishing the requirement for small business to obtain commercial licenses in order to start-up.

However, implementation of regulatory measures at the regional level, in line with Italy's devolution of authority to regional governments, has meant that new commercial establishments, rather than being subject to regulation on commercial activities, are now subject to regulations on urban planning. In practice this has meant that authorization for medium and large outlets is required (and rarely granted) in order to integrate them into urban development plans, while the opening of small shops has been liberalized.

Firms operating in the Italian retail distribution sector find that they must invest large amounts of money in new techniques, management, research, media promotion, and equipment. The industry's average return on investment is approximately 13 percent. In terms of existing points of sale, there is a gradual trend away from the family-type stores and street vendors to the distribution chains. Italian distribution systems include small family-owned stores, street vendors, hyper-markets, shopping malls, specialized stores and discount stores.

Horizontal points of sale such as general stores, which had experienced boom conditions in the early 1980s, very gradually have begun to lose ground to specialized stores, franchising chains, and hyper-markets. In order to create a unique business identity, department stores have begun a process of realignment and now tend to attract the more affluent, quality-oriented consumers, as well as compete on price and product selection. Supermarket chains now look toward further expansion, particularly in creating and operating large shopping malls. Where such shopping centers exist, they are proving to be successful.

USE OF AGENTS/DISTRIBUTORS: FINDING A PARTNER

Italy represents a large and affluent market where language and personal relationships are valued when conducting business transactions. Consequently, some form of local presence is generally required to be successful. Companies wishing to enter the Italian market, as an alternative to establishing a subsidiary, might decide to use an agent or a distributor. The choice depends on the nature of the goods or services to be distributed in Italy. There are important distinctions in Italian law between distribution and agency agreements:

Agency Agreement: Agency contracts are governed by the Italian Civil Code and by a number of other legislative decrees. The term “commercial agent”, as a literal translation from the Italian Civil Code, does not correspond exactly to the concept of agency in common law countries. Under an agency contract the principal (manufacturer or exporter) appoints an agent as principal’s sole agent for the territory concerned, who then permanently acts for and on behalf of the principal in promoting the execution of the agreements. The agent may or may not have a special power of attorney to execute contracts, but, if so, will do so only on behalf of the principal. The contractual relationship is thus between the principal and the buyer, not the agent. The normal pattern of remuneration for an agent is either entirely by commission or partially by commission in addition to a periodic payment.

Distribution Agreement: Under Italian law a distribution agreement is one by which a manufacturer or exporter contracts with a distributor to purchase goods which the distributor then sells on the distributor’s own account, usually to retailers for ultimate resale to the public. The incentive for the distributor is in the price differential between one transaction and the other. There may be variations involving the possibility of returning the non-sold goods or other formulae, but the distributor is always acting as the principal in the contract with the subsequent purchaser. There are no laws or regulations currently in effect in Italy providing for advance notice of termination, termination compensation, or social security payments in connection with these agreements.

Frequently, a distributorship agreement provides for exclusive sales rights. There is nothing in Italian law preventing exclusive arrangements in all or part of Italy. However, if these agreements provide for exclusive sales rights in all or part of the EU, they should be examined carefully, and with the assistance of a competent international lawyer, in light of the antitrust provisions of the EU regulations.

Appointing an Agent or a Distributor

It is important to obtain specific legal advice on appointing an agent or distributor. However, some general guidelines apply and are outlined here. Italy implemented EU directive 86-653 in October 1991. As a result, Italian agency law is now in conformity with EU requirements. All agent agreements should be in writing and state the marketing area and any exclusivity arrangements. Termination of the relationship is the area that most frequently causes problems for American exporters. Generally, the civil code protects the interests of the representative. In the absence of termination provisions in a written agreement, the law provides for a minimum notice of termination of one month during the first year of the agreement, two months during the second year, three months for the third year, four months for the fourth year, five months for the fifth year, and six months for the sixth and additional years. Parties may agree to other terms, provided the notice of termination is not less than the above. An agreement with a definite period terminates on the agreed expiration date. If the parties continue to operate under the agreement after that date, the agreement becomes an agreement of indefinite term, which can be terminated in accordance with the aforementioned notice periods. If the American principal wants to terminate the relationship, notice of termination should be given, even with a definite term contract.

The termination of an agreement without the required notice makes a U.S. principal liable for compensation. The Italian sales agent could seek to claim the amount of the commissions that would have been earned during the termination period or for the amount of actual damages

suffered. In exceptional cases, and only for just cause (such as competition or fraud), an agreement may be terminated without notice provided the other party is immediately advised of the reason. In such cases, the courts may be requested to terminate the contract.

At the expiration or termination of an agreement, by whatever means, an agent who has increased the value of the business is entitled, in principle, to an adequate remuneration which cannot exceed the average of the commissions in 1 year. Such claims by agents are subject to an expiration period of 1 year.

Three kinds of distribution agreements are commonly used:

- Exclusive distributorships, where the distributor has the sole right to sell specified goods within a defined area;
- Quasi-exclusive distributorships, where the distributor sells almost all the specified products within a defined area;
- Informal distributor arrangements, under which the grantor imposes heavy obligations on the distributor and which would cause damage to the distributorship if the grantor terminated the agreement.

In the absence of mutual agreement, or the failure to meet contract obligations, a distribution agreement of indefinite term cannot be terminated by the grantor without reasonable notice or fair compensation. In general, grantors should consider protecting themselves by entering into agreements for definite periods rather than an indefinite period. Also, specific minimum performance clauses should be considered, such as percent of distributor's sales, minimum annual sales, and number of business contacts to be made, and grantors should propose that U.S. law and courts have jurisdiction.

A continued and close working contact between the American firm and the agent or distributor is very desirable and should be developed early in the relationship. Certain products and equipment require servicing to maintain their useful life. The U.S. exporter should determine if servicing is needed and develop a distribution network to include such servicing by qualified personnel. To build trust, loyalty, and marketing skills, U.S. producers frequently bring their agents or distributors to the United States for training and marketing assistance.

FRANCHISING

In spite of Italy's sluggish economic situation, franchising continues to grow at a satisfactory pace. Latest figures indicate that in 2003 Italy had 665 franchisers, an increase of 5.9 percent over 2002, and 41,901 franchisees, up 6.6 percent over the previous year. The total turnover exceeded \$15.5 billion, representing an increase of 5 percent and accounting for 4.5 percent of all sales of retail goods and services in Italy. The total number of people employed by the franchising sector reached 109,877 in 2003, accounting for a 3.8 percent increase over the previous year, providing a major offset to unemployment problems in other sectors.

Market Demand

The Italian business community has accepted the concept that franchising is the most innovative way to introduce a new business concept. The Italian population has shown itself to be receptive to the fast and efficient formulas provided by franchises. At the same time, the Italian end-user is not always open to franchises for services that are traditionally strong and consolidated in the country. Nevertheless, the Italian market's receptivity to the franchising concept appears to be steadily growing, particularly in the services sector.

End-User Profile

There are considerable differences in economic characteristics among various geographic regions of the country. Northern Italy, the most developed part of the country, has a larger number of commercial, financial, and industrial enterprises and double the per capita income of the south. Similarly, among the various regions distribution of franchising is disparate, with franchising networks concentrated in northern Italy. However, there are recent indications that franchising is also gaining momentum in southern Italy, where it is perceived as a way to alleviate the effects of chronic unemployment.

Competitive Situation

Italy has an extremely fragmented distribution system. The predominance of small, family-owned stores and the disproportionately large number of point-of-sale outlets contribute to market inefficiency. The present retail system survives mainly due to the complexity and protective nature of existing regulations. However, there is now a noticeable move towards concentration in retail distribution, which creates economies of scale and more efficient management. Thus, franchising seems to be increasingly a system well suited to Italy.

Franchising in Italy was formally established in 1971, with the foundation of the Italian Franchise Association (Assofranchising Italiana). The beginnings were very slow and in 1978 there were only 15 franchisers in the country. Growth has since escalated, and between 1990-1995 there was a surge in growth, with 89 percent more new brands. Local Italian franchisers have now been in operation for a number of years and have achieved both success and profitability and some have acquired name recognition worldwide.

The most developed segment of the franchising sector is services, with over 20,000 franchisees and 297 franchisers, while the personal products sub-sector ranks second, with 8,000 franchisees and 157 franchisers. Another very strong sub-sector is specialty retail stores, with 77 franchisers and 4,000 franchisees.

The Italian business community views American franchising companies with a very open attitude and recognizes their predominance in the sector. However, smaller American franchisers trying to find Italian master licensees may find they face obstacles related to lack of name recognition in Italy and to inexperience with local business practices. The price for the master license is almost always set too high and the assistance to be provided by the franchiser is often not spelled out clearly enough. Commercial Service Italy can assist in this regard by providing introductions to the most qualified, suitable potential business partners for U.S. firms in Italy, either through one-on-one counseling and assistance, or through such events as our U.S. Pavilion at the annual Franchising and Partnership trade show in Milan, usually held during the fall each year (for more information, contact Commercial Service Italy at e-mail: rome.office.box@mail.doc.gov).

Best Sales Prospects

The sectors that appear to have the best potential are in the services area. New activities stemming from the "new economy" are making a breakthrough and concepts linked to Internet, e-commerce, telecommunications and information technology have a proven record of success. Other very promising and more consolidated areas are travel and tourism, education and training, fast delivery services, management and consulting services, and automotive services. Other good prospects are offered in fast food and hotels that have good brand recognition, and in personal items and fashion.

Legal Requirements

After several years of negotiations, Italy has signed a law regulating franchising activities. The

Italian franchising law became effective on May 2004. An English version of the Italian franchising law can be viewed on www.buyusa.it. In Italy, a franchising agreement is governed by general contract law principles and is considered a bilateral agreement between separate business enterprises resulting in "collaboration", not "association", between parties. Franchising agreements are subject to the laws governing commercial contracts in general and to those governing sales of trademark licensing agreements in particular. The Italian Franchising Association (Assofranchising) has established a set of rules, which reflect standards prevailing in the Italian business community and are often taken into consideration in legal proceedings.

The development of the European Union has stimulated harmonization of trade, tariffs, legal requirements, standards and procedures. There are no trade barriers or limitations to the importation of US franchise business methods in Italy. However, due to the lack of specific Italian norms on franchising agreements, it is advisable that contracts be written in great detail when entering into an agreement with a master licensee.

The average validity of a franchising contract in Italy is 5 years in 40 percent of cases, 3 years in 19.4 percent and 6 years in 16 percent. An entry fee is required by 51 percent of franchisers, while royalties are requested by 70 percent of master franchisers. Most of the standard contracts provide comprehensive training programs, manuals and programs of regularly scheduled workshops for franchisees.

Financing

Financing tailored to franchising activities is a concept that is gradually penetrating the local banking system. At present, a small number of local banks have programs tailored to the specific needs of the sector, offering loans to franchising systems and setting up a specialized franchising department. Other leading banks have indicated an interest in approaching the franchising sector. However, the prevailing practice remains that financing is generally negotiated privately on a case-by-case basis between the master franchiser and the franchisees. Over 50 percent of the franchisers offer financing and leasing programs. Virtually all franchisees pay entry fees, royalties and contribute to advertising expenditures. Close to 80 percent of franchisers grant exclusive area contracts, while 46 percent require total inventory turnover with a contractually based mark-up. More than 70 percent of the large companies offer assistance in the way of operations manuals, computerized management programs, assistance for the opening of the points of sale, as well as training seminars. Most companies hold annual conventions and provide newsletters and comprehensive assistance programs. The cost of a franchise varies from a minimum of \$10,000 to an average cost of \$100,000 and escalates to \$300,000 and more.

DIRECT MARKETING

There are many logistical problems of operating a nationwide sales network as well as managing the growing personnel and promotion costs. Part-time employment is presently restricted, although there are now some moves to liberalize regulations governing part-time employment. Marketing firms are developing new distribution techniques designed to employ the casual worker and to target groups of consumers by catalog, door-to-door sales, tele shopping or telemarketing. The most widely used methods of direct marketing are:

- Direct selling, mainly used in the nonfood sector.
- Mail order, catalog sales, or orders placed directly with the supplier.

Mail order marketing has been in Italy for approximate 15 years. Although direct marketing is considered a very effective marketing technique, it still remains a modest channel of distribution for Italian companies. One of the disadvantages of this technique, which may be overlooked by

foreign investors, is some delay by the postal system. However, the establishment of a semiprivate nationwide express mail service, the proliferation of couriers, and the arrival of foreign parcel delivery services now offer alternatives to the national mail system.

Telephone direct marketing is growing faster than any other selling technique. With the development of new telephone equipment, the business world has turned to the use of the facsimile, making Italy the second largest per capita user in the world.

Tele shopping (home shopping through TV) is becoming a popular sales approach to reach the consumer. There are a number of privately owned television stations which mainly host telemarketing programs.

Telecommunications technologies are playing an increasing role in the process of restructuring the distribution system. Scanners, electronic cash registers, and display management systems are now common while computerized stock control systems, customer databases, and inventory control programs are being used only by the large distribution networks. The more sophisticated groups have also resorted to consulting services, resulting in technical cooperation agreements between a number of Italian and international chains.

Electronic Commerce/Electronic Business

Internet usage in Italy has experienced explosive growth in the past 4 years and the number of business and home Internet users has boomed: according to a recent study of market research company IDC for Federcomin, the Federation of Information and Communication technology associations and companies belonging to the Italian Industrialists Association Confindustria, the number of Internet users was estimated at 19.8 million in 2002 and reached 22.6 million in 2003. This number is expected to reach 25.5 million in 2004 and 28.6 million in 2005.

Italian Internet users are relatively less mature in the use of this medium with respect to the European average, but they are rapidly catching up.

Electronic commerce applications have taken off and are experiencing very positive growth. According to the IDC study mentioned above, the total market value for e-commerce transactions in Italy, which was estimated at 29.7 billion euro in 2002 (US \$35.6 billion at current exchange rate), registered revenues of 42.6 billion euro in 2003 (approximately \$51.1 billion) and is expected to reach close to 73.9 billion euro in 2004 (approximately \$88.7 billion).

The main factors fueling the development of e-commerce in Italy are: 1) improved Internet access infrastructure; 2) recognition of e-commerce as a means to provide better support to customers and suppliers; 3) improved consumer protection legislation and greater confidence in online payment systems; 4) Italian legislation which recognizes the legal validity of digital signatures and digital contracts; 5) agreements between Italian banks and credit card operators to introduce Secure Electronic Transaction (SET) protocol; 6) Italian government plans for accelerating the development of a new economy culture, ICT acceptance and e-commerce adoption; 7) initiatives of trade associations, major organizations and local governments to foster innovation and to promote e-commerce, especially among small- and medium-sized enterprises; 8) a mobile phone diffusion among the highest in the world, which will enable both the business and consumer segments to take advantage of new telecom technologies for e-commerce transactions (It is estimated that there are over 55 million mobile phone lines activated, and over 40 million cellular phone users - over 70 percent of the Italian population).

E-business is one of the areas with major growth potential over the next two years. As the number of users and companies utilizing the Internet increases, as well as increases in the volume of business conducted online and the use of information technology in process management, investments are expected to catch up in order to carry out the transition to a

more advanced stage of e-business. The market research company IDC forecasts that investments in e-business enabling solutions will reach over \$13 billion by 2005 in Italy.

The next phase in the evolution of the e-business sector will require the upgrading or renewal of Italian companies' technological base, including infrastructure, applications, and their integration. Selectivity will be the key to new investments. There will be no single "killer" application stimulating users to invest in new e-business platforms and services, but rather companies will want to select among an array of solutions, adopting both internal applications (ERP, Sales Force Automation, human resources, knowledge management, e-learning) and applications for the automation of upstream and downstream relationships (supply chain management, e-procurement, e-selling, CRM, e-marketplaces) that add value to their own business model and meets their needs. Prospects for growth in these areas are good, and they should expand faster than the IT market as a whole. In addition, these applications are associated with an equally important set of enabling technologies (broadband, new generation wireless, hosting) that will be positively influenced by the development of e-business.

The growing complexity of network technologies and the need for specialized skills to implement e-business strategies is leading large and medium-sized Italian businesses to outsource services to supplement their in-house capabilities. It is expected that American e-commerce integrators and service providers will play a key role in providing the strategy, marketing, design, and technical services associated with developing an e-business culture and with building advanced e-commerce sites.

Business-to-business (B2B) & Virtual Marketplaces - According to recent surveys, the penetration rate of the Internet in Italian enterprises in 2003 was estimated at 92 percent, one of the highest in Europe.

Sustained growth is expected in B2B e-commerce solutions. According to the mentioned IDC study for Federcomin, B2B e-commerce transactions reached 37.6 billion euro in 2003 (\$45.1 billion), and are expected to increase to over 65 billion euro in 2004 (\$70 billion) and to close to 112 billion euro in 2005 (\$134.4 billion). The most active players focusing on the implementation of B2B solutions are in the automotive, pharmaceutical, grocery, information technology, tourism and telecommunications sectors.

The Italian Government has recently approved an Action Plan to accelerate the diffusion of the New Information and Communication Technology (NICT) in the Italian economy. Trade associations, major organizations and local governments are also actively promoting initiatives to foster innovation and to promote e-commerce among small and medium enterprises (SMEs) by offering them hosting solutions for both B2B and B2C e-commerce applications (malls, virtual marketplaces, portals, etc.).

Many smaller Italian companies with a web site still only use it to create brand awareness, offer product information, and generate leads, but this is rapidly changing. The evolution of organizational business models and strategies has created the need for increased interaction with suppliers and customers. A growing number of large and medium-sized companies are investing heavily in Intranet/Extranet infrastructure and are implementing web sales and purchasing applications to meet these needs.

Both central and local Italian government have implemented excellent e-procurement practices, and virtually all major Italian industrial groups are organized for e-procurement. According to a B2B study of the School of Management of the Milan Polytechnic University, e-procurement transactions reached 9.5 billion euro in 2003. It is predicted that in three years time at least half of all company purchases will be via e-procurement.

Business-to-consumer (B2C) Projects and Prospects – According to the IDC research for Federcomin, spending on B2C e-commerce reached 4.9 billion euro in 2003 (\$5.9 billion) and is

expected to grow to 8.6 billion in 2004 (\$10.3 billion) and close to 23 billion in 2005 (\$27.6 billion). The most promising purchasing items are computers and software, books, Internet music and videos, and bookings for entertainment events, vacation and travel. New Italian Government investments to foster ICT and have all Italian schools connected to the Internet, the increasing availability of inexpensive personal computers, and the decreasing costs of Internet access are acting as strong driving forces for the development of the sector. More importantly, as mobile phone diffusion in Italy is among the highest in the world, the Internet consumer market is expected to be driven by the availability of web-enabled, new-generation mobile phones.

Financial Services - Banks are investing considerable resources in e-commerce applications both to sell their own home and corporate banking services, and to support the e-business strategies of their clients by developing virtual malls and portals and by supporting secure transactions. On-line banking is experiencing substantial growth. According to the market research companies Nielsen/Net Ratings and CommStrategy, the number of Italian clients utilizing on-line banking services was 4 million in 2003. The possibility of accessing financial markets through new generation cellular phones is expected to contribute to the development of this market. E-insurance is also registering positive results, with a growing number of clients especially resorting to on line car insurance to oppose prices among the highest in Europe.

E-government - An important e-government action plan, which calls for an investment of \$1.3 billion, was approved by the Italian government within the framework of the European Union's E-Europe program. It aims at offering more efficient, more integrated, and higher quality public services, as well as Internet access to information and services for all citizens. Among the actions being taken are the development of a nation-wide extranet to connect and integrate all central and local government networks; the development of specific portals for accessing different government services; issuance of one million electronic ID cards/smart cards to allow easier access to public services; increasing adoption of e-procurement at the central and local government levels; and countrywide promotion and use of digital signatures.

Interesting Internet sites:

<http://www.innovazione.gov.it/eng/index.shtml> (the English version of the web site of the Italian Ministry for Innovation and Technologies)

www.bakerinfo.com/ecommerce (legal aspects of e-commerce in 33 countries)

Major Italian Search Engines:

http://www.motoridiricerca.it/classi_it.htm (for statistics and complete list – in Italian)

www.altavista.it

www.excite.it

www.godado.it

www.google.it

www.iltrovatore.it

www.kataweb.it

www.libero.it

www.lycos.it

www.msn.it

www.supereva.it

www.tiscali.it

www.virgilio.it

www.yahoo.it

LEASING

As in many other countries, in Italy it has become common to lease, rather than to buy, certain types of goods (machinery, vehicles, boats, etc). All the major Italian banks have their own leasing companies, which can also be used for leasing foreign manufactured goods. The leasing of foreign machines is usually arranged with Italian clients through local branch offices or agents of foreign manufacturers established to provide this type of service. Importation, payment of customs duties, and other related business formalities are usually more easily done through a firm established in Italy. Such tasks would usually be done by either an agent of the foreign manufacturer or by the Italian lessee. Because the lessee is often not willing to assume the inconvenience of handling importation of leased equipment, local representation might be necessary.

JOINT VENTURES / LICENSING

A joint venture (Associazione in Partecipazione) involves the participation by a supplier of capital in the profits of the business. The operator manages the business and is solely responsible for the obligations he or she assumes toward third parties. The person furnishing the capital is responsible for any loss in direct proportion to his or her share in the net profit, limited to the amount of his/her original investment.

Joint ventures can be for one-time defined transactions with a definite duration (contractual joint venture) or a permanent cooperation between separate groups through the incorporation of a joint-stock company (corporate joint venture). Corporate joint ventures are now seen frequently in Italy.

Licensing in Italy allows foreign entities to profit from technology transfers of a formula, process or patent without the need to invest substantial capital. The Italian government imposes no exchange control limitations on the transfer of royalties abroad. Protection over the use and ownership of the technology transferred should be included in the terms of the licensing agreement.

STEPS FOR ESTABLISHING AN OFFICE

A foreign citizen wishing to establish temporary or permanent residence in Italy to administer a business or to manage a corporation should obtain a business visa for this purpose from one of the Italian Consulates in the United States. All individuals or firms in business in Italy must be registered with the local Chamber of Commerce, Industry and Agriculture. This is a quasi-government office, operating essentially as a field office of the Ministry of Productive Activities (formerly the Ministry of Industry and Commerce). To register with this office, an agent for a foreign company must produce a power of attorney duly notarized by an Italian consular or diplomatic official in the country of the principal.

ADVERTISING AND TRADE PROMOTION

Marketing and advertising are factors critical to success in the Italian market, due to the sophisticated nature of Italian consumers.

In the past decade, advertising in Italy has experienced rapid growth in volume, importance, and sophistication. This growth in advertising has been accompanied by a proliferation of advertising agencies and an expansion of services. Along with Italian-owned agencies, there are joint ventures with other European or American firms. While some agencies specialize in specific services and media, a large number of full service agencies deal with all advertising aspects and have market research capabilities.

However, in the past few years, the economic recession forced most Italian companies to reduce their advertising and promotion expenditures, and advertising agencies and related industries were hit particularly hard, making the Italian environment very difficult. Recently, reorganization and concentration prevail in the Italian advertising market. Most advertising agencies are not limiting their activities to advertising, many also have integrated divisions specialized in direct marketing, sales promotion, etc. Recently a growing phenomenon is the introduction of special divisions devoted to the new electronic forms of advertising.

Advertising media include newspapers (35 percent of total advertising), magazines (35 percent), radio and television (22 percent), movie theaters (2 percent), and other methods (6 percent).

Newspapers and magazines: The main means of product advertising in Italy is through daily newspapers. Newspapers work closely with advertising firms, both Italian and foreign. However, since the newspapers themselves do not maintain advertising departments, advertising firms must place their ads with special agencies commissioned by the papers to receive advertising for them.

Of about 90 daily newspapers in Italy, only a dozen or so are distributed throughout the country. While some 230 Italian and foreign periodicals are on sale in Italy, only about 20 have a large circulation (see list below).

Television: Italy is served by three public television networks operated by Radiotelevisione Italiana (RAI), a government-regulated company in which the national government owns a majority interest. The three networks carry commercials all day long. There are also four major nationwide privately-owned television stations. In addition, some 100 private television stations are licensed for local broadcasting.

Radio: There are three radio stations owned and operated by RAI. These are on the air for more than 340 hours weekly, and commercial time is available. In addition to the three networks, there are hundreds of local radio stations and several national private stations.

Motion Picture Theaters: Wide use of film clips is made for advertising purposes. There are some 10,000 motion picture theaters in Italy and many regularly show advertising. The rates for advertising vary according to the show time and class of the theater. Advertising is shown during every intermission. Therefore, this medium may be used to reach a wide market and cuts across economic strata.

Posters and Billboards: Poster advertising is handled by a number of specialized companies, as is electric sign advertising, which is subject to special regulations. Poster advertisements are used on walls, along streets, in streetcars, buses, and other means of transportation to reach the consumer market. Both posters and billboards are subject to the approval of provincial authorities and to payment of a tax on poster advertising.

Show Windows and Flyers: Show window advertising is extensively used in Italy. Displays are usually attractively done and show prices of the items for sale. Advertising flyers are in common use, and street banners are used also for special occasions. Loudspeakers are used for advertising at sporting events. Direct advertising, through the distribution of gifts, samples, and price reduction coupons, is frequently used to motivate consumers.

Trade Fairs: Exhibitions are a cost-effective method to enter a foreign market and meet a wide range of buyers interested in a particular industry sector. Sales professionals find that trade fairs attract extensive buyer attendance and frequently can be used to gauge acceptance and pricing of new products and to observe the competition. In the course of a few days, a new market entrant may be able to generate more qualified and motivated prospects than by using any other sales approach. Also, fairs are useful for finding an agent, distributor, or

representative. The U.S. Department of Commerce frequently organizes U.S. pavilions at events that are identified as providing excellent prospects for American exporters. Information on participating in Italian trade fairs can be obtained from Department of Commerce Export Assistance Centers located throughout the United States.

For information about trade fairs at Fiera Milano, one of the largest international trade fair sites in Europe, firms can visit Fiera Milano's web site www.fieramilano.com. They can also contact the U.S. Commercial Service in Milan at +39-02-659-2260, e-mail: Milan.office.box@mail.doc.gov. Fiera Milano organizes an extensive variety of international shows each year, and the U.S. Department of Commerce participates in some of these events.

Major Italian Newspapers:

AVVENIRE
Piazza Carbonari 3
20125 Milano
Tel.: +39-02-67801
Fax: +39-02-678-0208
E-mail: lettere@avvenire.it
Web: www.avvenire.it

CORRIERE DELLA SERA
Via Solferino 28
20121 Milano
Tel.: +39-02-6339
E-mail: astronig@rcs.it
Web: www.corriere.it/

IL FOGLIO
Largo Corsia dei Servi 3
20122 Milano
Tel.: +39-02-771-2951
Fax: +39-02-781-378
E-mail: lettere@ilfoglio.it
Web: www.ilfoglio.it

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lettere@ilfoglio.it

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www.gdmiland.it
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GAZZETTA DEL SUD
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20121 Milano

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00187 Roma

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Fax: +39-06-472-0665

www.ilmessaggero.it

prioritaria@ilmessaggero.it

LA NAZIONE

Via Ferdinando Paolieri 2

50121 Firenze

Tel.: +39-055-249-5111

Fax: +39-055-234-3646

L'OSSERVATORE ROMANO

00120 Citta' del Vaticano

Tel.: +39-06-69899310

Fax: +39-06-69883675

www.vatican.va/news_services/or/home_ita.html

ornet@ossrom.va

IL PICCOLO

Via Guido Reni 1

34123 Trieste

Tel.: +39-040-373-3111

Fax: +39-040-779-7043

www.ilpiccolo.it

piccolo@ilpiccolo.it

IL POPOLO

Piazza del Gesù 46

00186 Roma

Tel.: +39-06-69190334

Fax: +39-06-695-49354

www.ilpopolo.it

redazione@ilpopolo.it

LA REPUBBLICA

Piazza Indipendenza 11/B

00185 Roma

Tel.: +39-06-49821

Fax: +39-06-4982-2923

www.repubblica.it

larepubblica@repubblica.it

IL RESTO DEL CARLINO

Via Mattei 106

40138 Bologna

Tel.: +39-051-600-6111

Fax: +39-051-532-990

www.ilrestodelcarlino.it

segreteria.redazione@ilrestodelcarlino.it

IL SECOLO XIX

Piazza Piccapietra 21

16121 Genova

Tel.: +39-010-53881

Fax: +39-010-5388426

www.ilsecoloxix.it

redazione@ilsecoloxix.it

LA SICILIA

Viale Odorico da Pordenone 50

95126 Catania

Tel.: +39-095-330-5440

Fax: +39-095-338-073

www.lasicilia.it

segreteria@lasicilia.it

IL SOLE 24 ORE

Via Lomazzo 52
20154 Milano
Tel.: +39-02-312-055
Fax: +39-02-3022-2486
www.ilsole24ore.com
info@ilsole24ore.com

LA STAMPA
Via Marengo 32
10126 Torino
Tel.: +39-011-656-8111
Fax: +39-011-655-306
www.lastampa.it
online@lastampa.it

IL TEMPO
Piazza Colonna 366
00187 Roma
Tel.: +39-06-675-881
Fax: +39-06-675-8869
www.iltempo.it
il_tempo@infinito.it

L' UNITÁ
Via dei Due Macelli 23/13
00187 Roma
Tel.: +39-06-699-461
Fax: +39-06-678-6219
www.unita.it
posta@unita.it

Major Italian Business Journals:

L'ESPRESSO
Via Po 12
00198 Roma
Tel.: +39-06-84781
Fax: +39-06-884-5167
www.espressonline.it
espresso@espressoedit.it

ITALIA OGGI
Via Marco Burigozzo 5
20122 Milano
Tel.: +39-02-5821-9207
Fax: +39-02-5831-7559
www.italiaoggi.it
italiaoggi@class.it

MILANO FINANZA
Via Marco Burigozzo 5
20122 Milano
Tel.: +39-02-5821-9237
Fax: +39-02-5831-7518
www.milanofinanza.it
mf-milanofinanza@class.it

PANORAMA
Via Mondadori 1
20090 Segrate (MI)
Tel.: +39-02-7542-2512
Fax: +39-02-7542-2769
www.panorama.it
panorama@mondadori.it

IL MONDO
Via Angelo Rizzoli 2
20123 Milano
Tel.: +39-02-2584-3784
Fax: +39-02-2584-3880
www.ilmondo.rcs.it
ilmondo@rcs.it

Largest Advertising Agency Trade Association:

AssoComunicazione:
Associazione delle Imprese di Comunicazione
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20122 Milano
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Fax: +39-02-5830-7147
info@assocumunicazione.it
www.assocumunicazione.it

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10131 Torino
Tel.: +39-011-8810111
Fax: +39-011-8810367
info@armandotesta.it
www.armandotesta.it

Young & Rubican Italia
Piazza Eleonora Duse 2
20122 Milano
Tel.: +39-02-77321
Fax: +39-02-7600-0904
www.yr.com

McCann-Erickson Italiana S.p.A.
Via Albricci 10
20122 Milano
Tel.: +39-02-852-91
Fax: +39-02-801-207
mccann_mi@mccann.com
www.mccann.com

BGSD'ARCY
Corso Galileo Ferraris 24/A
10121 Torino

Tel.: +39-011-560-1911
Fax: +39-011-517-5300
welcome@bgsdarcy.it

BGSD'ARCY (Address 2)
Via Correggio 18
20149 Milano
Tel.: +39-02-467-91
Fax: +39-02-481-8633

J. Walter Thompson S.p.A.
Via Paolo Lomazzo 19
20154 Milano
Tel: +39-02-336-341
Fax: +39-02-336-34400
jwt.italia@jwt.com
www.jwalterthompson.com

Lowe Pirella Spa
Via Pantano 26
20122 Milano
Tel.: +39-02-857-21
Fax: +39-02-878-778
agenzia@loweworldwide.com
www.lowepirella.it

Grey Worldwide Italia S.p.A.
Via Bertani 6
20154 Milano
Tel.: +39-02-349-761
Fax: +39-02-349-76321
grey@worldwide.grey.it

Leo Burnett Company
Via Fatebenefratelli 14
20121 Milano
Tel.: +39-02-63541
Fax: +39-02-2900-5229
info@leoburnett.it
www.leoburnett.it

Euro RSCG
Via Dante 7
20123 Milano
Tel.: +39-02-8020-21
Fax: +39-02-7200-0027
eurorscgmem@eurorscg.it
www.eurorscg.com

Saatchi & Saatchi
Corso Monforte 52
20122 Milano
Tel.: +39-02-770-11
Fax: +39-02-781-196
info@saatchi.it
www.saatchi.it

Ogilvy & Mather Spa
Viale Lancetti, 29
20158 Milano
Tel.: +39-02-607-891
Fax: +39-02-6901-8107

PRICING PRODUCT

When providing the Italian buyer with a price quote, American firms most frequently provide a quote that includes sales price plus packing costs, insurance, and freight to the named point of destination. This is called the c.i.f. price. Very often, the average Italian business representative can then usually determine the charges for customs, taxes, and local transportation to arrive at the final landed cost to the importer. The customary terms of sale in Italy are either cash on delivery (which is rare) or settlement 60-120 days after invoice date (more common).

Sales made on cash terms call for payment before delivery, on delivery, or shortly thereafter, that is, usually within 10 days from the date of delivery. A two to five percent discount is made for payment of the full amount of the transaction at the end of the specified period from 1 to 4 months from the date of the invoice. The length of the period depends on the commodity involved, the credit standing of the buyer, and the marketing and sales objective of the seller. A period of up to 2 years is often allowed for payment of capital goods, store equipment, trucks, and similar heavy equipment.

Italian firms indicate that some American suppliers are too rigid in their payment terms and have thus lost business to other suppliers. Financing is considered as much a competitive factor as the product itself, the delivery date, or after-sales service. While some U.S. manufacturers request payment upon receipt of the goods, more successful sellers offer terms allowing settlement of the account from 60 to 120 days following the invoice date, which is the most common practice in Italy.

The use of irrevocable letters of credit for the Italian market has declined appreciably in recent years. Although such instruments are still required by American exporters, especially when the Italian customer's credit reputation is not well known, the growing reluctance of Italian firms to provide letters of credit has required American exporters to turn to other methods to assure payment or lose the sale to other suppliers in the competitive Italian market. The Italian businessperson is reluctant to pay a high fee for a letter of credit when other suppliers or means of payment are available. American firms have put to greater use the export credit insurance and guarantee programs available through the Foreign Credit Insurance Association (FCIA).

Quotes and Payment Terms

Italian importers generally prefer price quotes on a c.i.f. basis, since they are usually familiar with the Italian customs charges and value-added taxes levied on the product at the time of importation, but may not be acquainted with U.S. costs for trucking, ocean, or air freight. Large Italian firms and department stores, however, may prefer to buy on other terms when they arrange for the shipping and insuring the goods. Quotes and invoicing are usually in terms of the currency of selling country.

American quotes, usually stated in dollars and on a f.o.b. basis, are completely acceptable to Italian buyers. The usual practice of American firms selling to a new customer is to require cash against documents for the first sale or two. After establishing credit, the importer will expect to pay by 30-, 60-, or 90-day letter of credit. In all cases, the American exporter will have to decide how to strike a balance between making the sale perhaps more easily with liberal financing

terms versus striking a sale by seeking more secure payment terms. When first starting out, American firms may often find it necessary to offer their best price and payment terms in order to land the sale in the competitive international market. Later, prices may be adjusted as sales and volume permit.

The Italian buyer may request a quote or shipment of goods under INCOTERMS. This is a set of international rules defining the important commercial terms and practices. By referencing INCOTERMS in contracts or invoices, both buyer and seller will have a uniform understanding of their responsibilities in an agreement. Copies of the 90-page publication Guide to INCOTERMS are obtainable from ICC Publishing, 156 Fifth Avenue, New York, NY 10010, (212) 206-1150. Exporters can also obtain information from the Dun & Bradstreet Exporters' Encyclopedia.

Merchandise may be examined by the Italian importer before customs clearance for inventory purposes. Goods cannot clear customs without shipping documents and payment of any required customs duty, applicable value-added taxes, and excise taxes. These formalities must be undertaken by the importer at the time of clearing customs. Import licenses, if required, should be presented by the importer within the period for which they were issued.

SELLING TECHNIQUES / SERVICE / CUSTOMER SUPPORT

Successful marketing in Italy requires even an extra measure of diligence for American companies than does marketing in the United States. Whether establishing a manufacturing operation or sales branch, or appointing a commission agent, stocking distributor, or a combination agent/distributor, the American exporter must make a long-term commitment to pursuing the Italian market, maintain regular contact with the local partner, and remain conscious of customers' needs. A key factor in serving the overseas buyer is the local stocking of parts and readiness to make immediate air shipments upon request. Dependable after-sales service is essential.

An American company entering the competitive Italian market is advised to commit the resources needed to market its products appropriately. Appointment of a resident representative is extremely important. For business promotion and market knowledge, there is no effective alternative to an Italian representative who is fully familiar with the local business culture and readily available to customers. Having a local representative is particularly important when the product is complex and likely will require follow-up service or modification. Personalized service is frequently demanded by customers; supplying it creates goodwill and often stimulates repeat sales. Technical manuals and promotional literature should be in Italian. Italy is a competitive market where reliability is important. Local representatives with solid reputations and promotional material in Italian reflect a commitment to customer service and enhance the business reputation of the American firm.

A number of U.S. firms maintain their own sales organizations in Italy. Others sell through specialized importers or appoint sales agents who often are manufacturers' brokers. A large, well-established Italian firm with an efficient nationwide sales organization is likely to insist on an exclusive arrangement. About 7,500 U.S. firms are represented in the Italian market through agents, branches, subsidiaries, or licenses. Of these, nearly 850 have a substantial direct capital investment in the form of stock as a sole owner or partner in an enterprise. Generally, the sales territory includes all of Italy. In other cases, the territory also covers the entire European Union, depending on the type of product and degree of technical support needed. Italian distributors also have excellent contacts with Eastern Europe and the Mediterranean Basin.

SELLING TO THE GOVERNMENT

The Italian government does not typically purchase goods and services abroad unless they cannot be procured locally through domestic sources, which would include subsidiaries, branches and agents of American companies. In order to be considered as a source for Italian government purchases, it is recommended that the American firm be represented by an agent/distributor rather than try to deal directly with Italian government agencies.

Each of the Italian agencies maintains its own list of contractors and suppliers. Therefore, U.S. firms need to contact each agency directly to establish their eligibility. U.S. companies must first establish their financial and technical capabilities by presenting them directly to the Italian agencies.

NEED FOR A LOCAL ATTORNEY

American companies that are interested in setting up agencies, distributorships, licenses or joint ventures are encouraged to seek professional legal advice and counsel. The American Embassy in Rome and the individual Consulates maintain a list of lawyers (according to geographic jurisdiction) that is available to the public.

PERFORMING DUE DILIGENCE

Information on specific Italian firms is available from a variety of private agencies. American companies can contact their local U.S. Department of Commerce Export Assistance Center for a listing of firms offering this service. In addition, this section includes a list of Italian private sector firms that provide this service. American banks also provide credit information services.

Just as the terms of any sales offer should be presented in a clear and detailed manner, shipping documents should conform to the contract and to any samples that may have been sent to the Italian importer. Special attention should be given to the prompt observance of agreed delivery schedules, as prompt delivery may be a decisive and possibly an overriding consideration of the importer in placing additional orders. When shipping on letter of credit, all terms specified on the letter of credit must be strictly observed. If the terms are not followed, the letter of credit may not be honored by the issuing bank.

Italian private sector firms providing background information checks:

Dun & Bradstreet Kosmos S.p.A.
Via di Valtorta, 48
20127 Milano
Tel.: +39-02-284-551
Fax: +39-02-287-2181
www.dnb.com
Dnb_italia@dnb.com

Lince S.p.A.
Corso Vittorio Emanuele, 22
20122 Milano
Tel.: +39-02-77541
Fax: +39-02-7602-0458
www.linceonline.it
lince@lince.it

Ponzi S.p.A.

Corso Monforte, 9
20122 Milano
Tel.: +39-02-7600-2821
Fax: +39-02-781-515
www.ponzi.com
ponzi@ponzi.com

MARKETING U.S. AGRICULTURAL PRODUCTS AND SERVICES

The Italian market for U.S. agricultural fish and forestry exports in 2003 totaled more than \$688 million. Socio-economic and demographic changes have had a very positive impact on the Italian consumer market. There are many more singles and senior citizens who have disposable income and are interested in new and foreign products. These buyers want consumer-ready products (if available, in single portion packages), and are willing to pay the price for high quality food.

The Italian market is highly receptive to quality U.S. consumer goods. There are, however, a few constraints affecting the export of U.S. products:

1. EU policy and health regulations. There are strict regulations issued by the EU to control the sale of health/dietetic and organic food products.
2. Consumer resistance to biotech products/ingredients. Pressure from environmental groups, supported by a "Green Sympathetic" Agricultural Minister, has resulted in several policies that limit the use of biotech or "genetically-modified" (GM) products in Italy. In August of 2000, the Italian government unilaterally banned the use of four EU-approved corn products, based on an argument that the products should have been approved following a full EU review and not based on substantial equivalence. Italy, additionally, still bans genetically-modified (GM) products in baby food. In both cases, a zero tolerance level is expected for adventitious GM presence. Few, if any, consumer products containing more than the one percent GM threshold for labeling are found at the retail level because of importer and supermarket chains' concern about consumer backlash.
3. BSE (bovine spongiform encephalitis, or "mad cow") and other animal diseases. Outbreaks of BSE and Foot and Mouth disease in many European countries have affected the meat market in Italy and EU. This situation has created strong demand for non-European origin pork and non-hormone treated beef.

The Italian hotel/restaurant and institutional food products sectors are also booming, and is expected to grow even more in the future. Italy is the world's fourth largest tourist destination, attracting millions of tourists every year. This has stimulated establishment of new restaurants, both traditional and ethnic. In addition, demand from Italy's younger generation has supported this trend. This presents enormous potential for quality U.S. food manufacturers in this industry sector.

Italy continues to play a major role in the organic and natural food sector, both as a producer/exporter of bulk organic and natural food products and as a consumer. The Italian organic food sector is enjoying healthy expansion, as Italians are becoming more health conscious. The media has had a major role in this increased interest in organic/natural foods, particularly by constant reporting on food safety problems such as BSE, dioxin, and other food safety problems. Focus is placed on the nutritional/health aspects of organic products, making them desirable and very trendy.

U.S. participation in this market continues to face limitations due to strict import certification requirements, allowing EU competitors an advantage in market access. EU policy still stipulates

that member state authorities need to be satisfied that imported products meet the EU standard for "organic." U.S. and EU standards are not identical. In addition, the importer must request import authorization for each separate product imported.

Italian citizens' relative affluence and higher disposable income have opened the market for other specialty food items. The pet care sector, for one, continues to expand, creating new opportunities for unique and high quality U.S. products. Quality U.S. pet food has developed a profitable market share in Italy. However, competition is fierce and new prohibitions on ingredients for pet food took effect in 2002. Because of the BSE (mad cow) crisis, the EU has passed more stringent rules governing products made from animal by-products, including pet food. All ingredients used for the manufacture of pet food must be "fit for human consumption."

To summarize, pet food must come from a registered establishment. These and other requirements are evolving as the EU seeks to instill consumer confidence, even in the pet food sector.

The Italian Retail Food Sector in the north has grown rapidly in the last few years, expanding from the traditional mom and pop local store to an ever increasing number of hyper-markets, supermarkets and self service grocery store chains. This retail evolution has brought with it a wider selection of merchandise, better service and quality of food. Italian consumers are becoming accustomed to buying all of their food products in one large store, versus going to several smaller specialty shops. Competition is fierce, as many foreign owned hypermarkets have started to penetrate the Italian market forcing the Italian grocery store chains to increase the number and quality of products offered. The growth of hyper and super markets in the south is much slower.

Ongoing socio-economic and demographic changes have also had an impact on the Italian retail food market, as the average consumer has more disposable income and is better-traveled, and therefore is interested in foreign or exotic foods. In addition, the number of singles is on the rise both among the young and the older generations, forcing retailers to cater to their desire for single portion, ready made food products.

Chapter 5. LEADING SECTORS FOR U.S. EXPORTS AND INVESTMENT

A. BEST PROSPECTS FOR NON-AGRICULTURAL GOODS AND SERVICES

Following is a listing of non-agricultural products and services which are considered to offer particularly good opportunities for U.S. exporters. Sectors are listed in rank order based on estimated import market size and growth, as well as U.S. firms' relative competitive position in that sector. Statistics are unofficial estimates based on best available data and industry sources. U.S. firms interested in investigating their market potential, identifying qualified potential business partners, and broadening their customer base and expanding sales in Italy in the following sectors should take advantage of services offered by the U.S. Commercial Service in Italy. Interested U.S. companies may find this information on our website at www.buyusa.it or may send inquiries to our head office in U.S. Embassy Rome at e-mail address: rome.office.box@mail.doc.gov.

1. Computer services
2. Computer software
3. Safety & Security Equipment
4. Computers and Peripherals
5. Telecommunication Services
6. Travel and Tourism
7. Franchising
8. Medical Equipment
9. Pollution Control Equipment and Services
10. Insurance Services
11. Airport and Ground Support Equipment
12. Automotive Parts and Service Equipment
13. Pet Products & Accessories
14. Pleasure Boats & Accessories
15. Management Consulting Services

Sector Rank: 1
Sector Name: **COMPUTER SERVICES**
ITA Industry Code: CSV

The Italian Information Technology market in 2002 suffered considerably from the international economic recession, but the worsening situation had fewer effects on the computer services sector in Italy than in other European countries. The sector registered real growth of 3.4 percent in 2002 and is forecast to grow over the next three years, supported by investments from medium and large-sized Italian enterprises as they continue streamlining their operations.

Within this sector, outsourcing/facility management services and "selective" outsourcing services (such as applications management, desktop and network management) grew by 7.2 percent in 2002, with these services expected to be increasingly utilized as tools promoting efficient and cost-effective business operations. Systems integration, consulting services and training, and e-learning activities related to the most innovative technologies also registered a good performance and are expected to grow.

Internet-related services to support intranet/extranet and e-business solutions have also performed well and have high development potential in the medium term. Best opportunities exist for storage management, security management, ASP and ASP enablement services; integration of Web and e-commerce solutions with ERP, supply chain management and customer relationship management solutions. Other services that are developing rapidly are transaction and payment management, e-procurement, maintenance-repair-operating (MRO) solutions, home banking, and online financial services.

The market is heavily fragmented among 56,500 operating companies. The 15 largest companies hold approximately 80 percent of the business, while the remaining 20 percent is divided among a plethora of small companies, often very specialized by vertical market segments and serving the needs of SMEs. The U.S. dominates the market and most major American computer services companies have opened Italian subsidiaries. Good opportunities exist only for new-to-market U.S. companies offering highly specialized and unique integrated services, and willing to team up with well-established Italian firms.

DATA TABLE:

(USD Millions)	2001 (actual)	2002 (actual)	2003 (estimated)
Total Market Size	8,495	9,280	11,515
Sales by Local Firms	5,375	5,845	7,255
Exports by Local Firms	300	325	375
Sales by Foreign-owned Firms	3,420	3,760	4,635
Sales by U.S. owned Firms	2,550	2,795	3,470
Exchange rate \$1=euro	1.117	1.057	0.877

The above statistics are unofficial estimates.

Sector Rank: 2
Sector Name: **COMPUTER SOFTWARE**
ITA Industry Code: CSW

The value of the Italian computer software market is estimated at over \$3 billion and continues to be one of the largest in Europe. Application software accounts for approximately 60 percent of the total market, and systems software for 40 percent (with middleware accounting for approximately 63 percent of systems software demand). The Italian software market in 2002 grew by 3 percent in Euro currency over 2001, higher than in most Western European countries. Nevertheless, this represents a slowdown when compared to the +10 percent growth in 2001 and +14 percent in 2000. Of the two sectors, application software reported higher growth, with an increase of 4 percent. The overall performance of systems software sector was stable (+1 percent), as it countered the negative growth of systems software (-6 percent) with a marked increase in middleware (+6 percent).

Large to medium-sized businesses and the Italian banking sector, continue to be the primary IT spenders in Italy even as they report a fall in demand (-0.8 percent). Italian firms, concerned about improving the internal flow of information, streamlining customer relationships, and expanding their markets, are increasingly investing in enterprise resource planning (ERP), supply chain management (SCM), customer relationship management (CRM), and e-commerce applications. The Italian banking sector, which has been the most active in investing in new technologies, is focusing on delivery channels to give customers greater access to their banking services.

Italy is in the early phase of adopting IT security technologies. Most companies are still only at the firewall and virus level of IT security, and are starting to become aware of their own levels of internal risks, such that they can justify additional spending. This creates opportunities for U.S. firms experienced with more advanced types of security situations and their solutions. U.S. suppliers should also note that the public administration sector is a large investor in IT, and will remain so in the coming years as it continues to increase and improve its online services and advance Italy's information society.

Market analysts forecast a cycle of relative growth for software even as the total IT market is showing signs of further downturn. Italy relies heavily on foreign production of software, which account for 75 percent of the total market. The United States is the leading exporter of multiple platform and application software, with a share of over 80 percent of imports. Once the economic climate improves, U.S. software should be among the main beneficiaries as the market recognizes the supremacy and innovative quality of American products.

Data Table:

(USD Millions)	2001 (actual)	2002 (actual)	2003 (estimated)
Total Market Size	3,400	3,700	3,687
Total Local Production*	2,162	2,348	2,341
Total Exports	427	463	460
Total Imports	1,665	1,815	1,807
Imports from US **	1,374	1,452	1,481
Exchange rate \$1=euro	1.117	1.057	0.877

The above statistics are unofficial estimates.

*Sales by Italian subsidiaries of U.S. companies are included in Total Local Production and include sales to the captive market.

**Imports from U.S. refer to direct sales from U.S.-based suppliers or through Italian distributors.

Sector Rank: 3

Sector Name: **SAFETY AND SECURITY EQUIPMENT**

ITA Industry Code: SEC

Security continues to be of prime concern for industry, commerce and private citizens in Italy, particularly in the wake of the September 11 events. In addition to precautions being taken to prevent possible terrorist activities, a rapid increase in crime over the past decade, particularly property and vehicle theft and private and commercial fraud, has led Italian government organizations at all levels to devote greater resources to security. For example, the Ministry of the Interior has introduced in March 2003 a "Pacchetto Sicurezza" (security package), outlining a series of forceful measures to crack down on crime, some measures of which include the tightening of punishment for minor offenses (such as street crime), restrictions on prison release and intensification of controls on newly released prisoners.

According to statistics generated by the National Association for Security and Building Automation (Associazione Italiana Sicurezza ed Automazione Edifici: ANCISS), the inter-related security and building automation sectors enjoyed healthy growth in 2001. Total sales increased by 3.5 percent, while imports increased by 2.8 percent. ANCISS estimates that this upward trend will likely continue, driven by the allocation of regional funds for increased security in Italian cities, tax cuts made possible by recent financial laws for investments to increase security, and increased concern over crime in general and acts of terrorism. Unofficial data for late 2002 indicates that certain sub-sectors saw a significant increase in turnover, including the access control and video-surveillance sub-sectors. In general, equipment with greatest sales potential includes, airport passenger and baggage screening equipment, port container scanning equipment, CCTV systems, perimeter protection systems, access control systems including biometric identification systems, fire-fighting equipment and systems, and personal protection equipment.

Italy has a strong domestic safety and security industry with a reputation for high quality products. U.S. manufacturers of safety and security equipment have an excellent reputation in the Italian market, and enjoy an approximately 25 percent of the total market. CS Italy expects that U.S. manufacturers' presence in Italy will continue to grow. Security products with new, innovative and sophisticated features and in demand, but must be supported by strong after-sales service. The presence of a nationwide service organization that can guarantee installation and maintenance will prove a definite advantage, especially because customers generally will require training, support and maintenance.

Data Table:

(USD Millions)	2001 (actual)	2002 (actual)	2003 (estimated)
Total Market Size	1,122	1,099	944
Total Local Production	1,395	1,360	1,162
Total Exports	85	82	71
Total Imports	358	349	297
Imports from the U.S.	90	87	75
Exchange rate \$1=euro	1.117	1.057	0.877

The above statistics are unofficial estimates.

Date relating to the safety sector is not available.

Sector Rank: 4
Sector Name: **COMPUTERS AND PERIPHERALS**
ITA Industry Code: CPT

In 2002 the computer and peripherals sector continued to feel the effects of the international economic recession, and its real growth rate registered a sharp decrease of 13.5 percent in European currency, totaling sales of \$ 5.1 billion. In spite of these gloomy results, in certain market segments the computer and peripherals sector is forecast to remain one of the best prospects for U.S. exports to Italy over the next three years.

In 2002 most small and many medium-sized Italian companies decided to postpone their new technological investment and replacement of computer hardware. The consumer segment, after exceptional PC purchases in 2000 to connect to the internet, suffered dramatically reduced demand due to occupational uncertainties and income reduction worries. Larger companies kept consolidating and rationalizing their existing infrastructure, now paying greater attention to return on investment and total cost of ownership. Nonetheless, they made significant investments in mainframes, which grew 4.8 percent in value and 51.8 percent in terms of MIPS.

The number of personal computers installed in Italy reached over 13 million units, with a penetration rate of approximately 22 PCs for every 100 inhabitants, still comparatively much fewer than the situation in the larger European economies. The PC segment decreased both in quantity of sales (-4.2 percent) and value of units sold (-10 percent), due to strong competitive prices pressure. Notebooks, however, grew 12.6 in quantity.

The Italian IT market is far from being mature and the IT potential remains very high. As economic conditions improve, demand is expected to be stimulated and the market is expected to recover. In particular, sales of notebooks, mainframes, PC servers, higher performance midrange servers, and storage solutions are projected to pick up.

U.S. technology and standards are highly regarded. The best opportunities for success lie with American companies offering innovative and sophisticated products, and who are willing to team up with well-established Italian firms for distribution or joint venture agreements.

DATA TABLE:

(USD Millions)	2001 (actual)	2002 (actual)	2003 (estimated)
Total Market Size	5,600	5,110	5,910
Total Local Production	4,575	4,030	4,785
Total Exports	2,950	2,600	3,075
Total Imports	3,975	3,680	4,200
Imports from the U.S.	1,985	1,795	2,070
Exchange rate \$1= euro	1.117	1.057	0.877

The above statistics are unofficial estimates.

Sector Rank: 5
Sector Name: **TELECOMMUNICATION SERVICES**
ITA Industry Code: TEL

Revenues from Italian telecommunication services market, Europe's fourth largest, are estimated at approximately \$28 billion in 2003. The sector grew by 5 percent in Euro currency in 2002, lower than 2001's 9 percent growth, due to global economic stagnation and market factors. Most growth in 2001 and 2002 was in wireless (mobile) communications, which continues to grow faster than wire-line (fixed) services. The latter, including fixed line network telephony, data transmission, Internet access and fixed line network VAS-(value-added services), increased only 2 percent in 2002, with total sales valued at \$14.5 billion, as consumers turn from fixed network usage to mobile services. Italy's adoption of the Internet has been slower than its adoption of mobile communications but penetration rates are approaching the European average, with business and consumer accounts expected to surpass 38 percent and 49 percent respectively by the end of 2003, according to Gartner Research.

With over 40 million active users, Italy is the world's fourth-largest end-user of mobile communications services, and accounts for approximately 20 percent of the European market. At the end of 2002, Italy's mobile penetration rate of 92 percent was second only to Luxembourg in the EU. Revenues from mobile telephone services, estimated at approximately \$13.5 billion, increased by 9 percent in 2002 vs. 19 percent in 2001, with value added services (messaging, data transmission, photographic and entertainment services) within that component growing at the rate of 33 percent in 2002 against 89 percent in 2001. Industry experts view the mobile telephony market as approaching a high level of maturity and usage, which brings with it a gradual reduction in growth rates.

For the future, the market will be driven by the following factors: value-added services on wireless and wire-line networks will continue to be a particularly dynamic area; quicker, better data and value-added services at substantially lower prices will be offered by an increasing number of competing operations; the continued implementation of general packet radio service (GPRS) telephone services is expected to further stimulate the data transmission and value-added services sectors as operators introduce services mainly focused on news, games and entertainment; mono and multimedia message services (MMS) will prove to be one of the most dynamic components of mobile telephone services; and use of the Internet as a business tool will open up many opportunities, especially in security and value-added services.

Given the above, there are lucrative business opportunities for U.S. companies with technical skill and expertise in Internet applications and services for wireless and fixed line telephony. In particular, as GPRS usage becomes widespread and UMTS cellular telephony is introduced, there will be good prospects for Internet services in the business-to-consumer market for publishing, Internet music and videos, bookings for entertainment events, vacation and travel.

Data Table:

(USD Millions)	2001 (actual)	2002 (actual)	2003 (estimated)
Total Market Size	25,837	28,646	30,195
Sales by Local Firms	25,342	28,073	29,591
Exports by Local Firms	--	--	--
Sales by Foreign-owned Firms*	495	573	604
Sales by U.S.*-owned Firms	81	93	97
Exchange rate \$1=euro	1.117	1.057	0.877

The above statistics are unofficial estimates; *Data not available from outside sources.

Sector Rank: 6
Sector Name: **TRAVEL AND TOURISM**
ITA Industry Code: TRA

Italy ranks fourth among the world's top tourism destinations and fourth in total receipts. At the same time, Italians consider it a national tradition to take a vacation—often outside of Italy itself. In 2002, 46 percent of Italians said they took at least one vacation in the spring/summer period (April-September), while 41 percent took two to four vacations.

Italy has a high percentage of outbound travelers. One out of six adult Italians travels abroad every year, and all surveys indicate an increasing propensity among Italians to travel abroad. Since 1997, Italy has become the sixth largest spender in international travel.

Despite the tragic events that occurred on 9/11, the U.S. continues to be the most preferred long haul destination for Italian tourists. Italy is the fourth largest market in Europe for the U.S. tourism industry -- after the United Kingdom, Germany and France -- and the seventh in the world. Italian tourists to the U.S. are among the largest spenders with an average per capita daily expenditure of \$132.

Despite the generally unfavorable exchange rate during the past ten years, the number of Italian visitors to the U.S. has been growing constantly over that time. However, the increasingly unfavorable exchange rate with the dollar started affecting travel to the U.S. in 2000, when a decrease of 2 percent was recorded. In the last two years, Italian arrivals to the U.S. dropped dramatically from the 612,000 recorded in 2000 to 406,000 last year. Recent favorable changes to the exchange rate should now encourage more Italian tourism.

In 2002, Italian arrivals to the U.S. decreased by almost 14 percent, mainly because of the tragic events of September 11. Despite that, all major players in the "travel to the U.S. sector" indicate strong growth prospects for the Italian market, and America is expected to remain at the top of preferred long-haul destinations. Besides the most visited States by Italians, which invariably are New York, California and Florida, there are several emerging destinations such as Nevada, the Rocky Mountain Region, and New England. The success of the latter destinations is directly related to targeted marketing and promotional efforts that the tourism authorities of those States have devoted to the Italian market.

Data Table:

(USD Millions)	2001 (actual)	2002 (actual)	2003 (estimated)
Total Outgoing Travel	14,815	16,840	20,300
Travel to the U.S.	1,610	1,965	2,370
Exchange rate \$1=euro	1.117	1.057	0.877

The above statistics are unofficial estimates.

Sector Rank: 7
Sector Name: **FRANCHISING**
ITA Industry Code: FRA

For the past 32 years, the franchising sector has been growing constantly in Italy, and forecasts for the next three years indicate that this positive trend will continue. Franchising plays a significant role in the Italian economy and is perceived as the most innovative way to introduce a new business concept in Italy. Cognizant of franchising's significant contribution to the economy, the Italian Government is in the process of passing the first law governing franchising activities. The law is expected to become effective in the next few months.

In 2002 there were 621 franchisors in Italy, with approximately 39,000 franchisees, employing 105,000 people. Revenues were 14 million euro. Despite a stagnating Italian economy, where consumption and employment have been essentially flat, franchising has been growing. In 2002 the number of franchisors was up 2.5 percent from the year before, the number of outlets was up 6.6 percent, revenues were up 5 percent and the number of people employed was up 5.8, a major contribution to offsetting unemployment in certain areas of the country. Over the past decade, the number of franchisors has doubled.

Franchising services in areas derived from the new economy are making a breakthrough, and activities linked to Internet, E-commerce, telecommunications and information technology are on the forefront of success. Almost half of Italian franchisors are service providers and, as Italy transitions gradually into a more service based economy, the demand will increase. Italy has gradually loosened the laws and restrictions that in the past discouraged the opening of new businesses. This process is now faster and less complicated than it was 5-10 years ago.

Advanced franchising concepts are influencing the still fragmented Italian retail distribution system, which is gradually being replaced with more modern distribution methods. Adaptability to the Italian business and cultural environment and flexibility in setting master license fees are key factors for the successful introduction of a foreign franchise.

In Italy 34 U.S. companies operate through a master franchisee, out of a total of 71 foreign franchisors present. France is second both in terms of franchisors and franchising units. The Italian business community views American franchise companies with a very open mind and recognizes their predominance.

Data Table:

(USD Millions)	2001 (actual)	2002 (actual)	2003 (estimated)
Total Market Size	11,942	13,267	16,035
Total Local Production	11,766	12,877	15,563
Total Exports	940	1,013	1,223
Total Imports	1,116	1,403	1,695
Imports from the U.S.	725	782	944
Exchange rate \$1 = euro	1.117	1.057	0.877

The above statistics are unofficial estimates.

Sector Rank: 8
Sector Name: **MEDICAL EQUIPMENT**
ITA Industry Code: MED

The Italian National Healthcare Service (Servizio Sanitario Nazionale - SSN) is by far the major healthcare provider in Italy. The Ministry of Health, through triennial national health plans, establishes the fundamental objectives of healthcare, including preventive care, therapy and rehabilitation. It defines the level of healthcare guaranteed to all citizens and issues guidelines for the organization, delivery and funding of healthcare services paid by the SSN. The 20 Italian Regions, which have the primary role in setting and implementing healthcare policies, are responsible for developing regional health plans and for organizing and delivering healthcare services through local "Health Units". The SSN receives its funding through the National Health Fund, appropriated every year through the Government of Italy's budgetary legislation.

Public healthcare accounts for 75 percent of total expenditures for medical equipment and products, with the balance being spent by private healthcare facilities. In addition, the SSN purchases a significant portion of healthcare services from private providers. The SSN has jurisdiction over 196 large hospitals and 600 medium and small size hospitals, which are managed by 197 Local Health Authorities. The total number of beds in the public sector is 220,932. In addition, public healthcare manages 7079 outpatient facilities, 1506 residential facilities for the elderly and 4794 other healthcare facilities.

Private healthcare service providers account for 640 private and independently operated clinics, with a total of 60,000 beds. The latest trend shows an increase in the number of private healthcare facilities in comparison with public hospital increases.

The Italian market for medical equipment relies heavily on imports. Major suppliers are the United States and Germany. Generally speaking, domestic production is limited of sophisticated and hi-tech medical equipment and products, or those items for which investment in R&D is of critical importance (exceptions being radiology and ultrasonic equipment, for which local production is good). Recently, the SSN implemented a policy of increasing capital goods expenditure in order to update a large percentage of obsolete medical equipment. As a result, the market for medical equipment has improved and the future is more promising in terms of business opportunities. Prices are considered to be the primary factor in purchasing decisions. In addition, in accordance with EU-wide certification requirements, most medical products and equipment need to have a CE mark.

Data Table:

(USD Millions)	2001 (actual)	2002 (actual)	2003 (estimated)
Total Market Size	2,512	2,975	3,557
Total Local Production	1,075	1,267	1,516
Total Exports	262	309	366
Total Imports	1,699	2,011	2,407
Imports from the U.S.	934	1,126	1,347
Exchange rate \$1=euro	1.117	1.057	0.877

The above statistics are unofficial estimates.

Sector Rank: 9

Sector Name: **POLLUTION CONTROL EQUIPMENT AND SERVICES**

ITA Industry Code: POL

The environmental sector in Italy is expected to undergo considerable growth over the next five to seven years, thanks to a number of recently-enacted laws in various areas. To begin with, in 2001 the government approved a National Remediation Plan identifying 40 sites of "national interest" requiring urgent clean-up. Ministerial Decree n. 471/99 establishes criteria, procedures and methods for safety and clean-up actions and for environmental restoration of contaminated sites. As a result, some 15,000 locations in Italy are subject to environmental investigation and remediation actions. The Italian Ministry of the Environment has allotted 500 million euro to be utilized by Italy's 20 regions for these projects.

Italy has been experiencing serious industrial and urban waste problems for years. Every year, Italy generates approximately 64 million tons of waste, with the capacity to properly manage and dispose of only 30 percent of the waste generated. The Ministry of Environment has implemented EU Directives 91/156 on waste, 91/689 on hazardous waste, and 94/62 and waste packaging. The Italian law, commonly referred to as the "Decreto Ronchi," simplifies procedures by means of a tariff system to encourage waste minimization, reuse, recycling and recovery. The availability of EU and Italian government funds to deal with this emergency creates demand for new, safer US technologies for waste-to-energy incineration.

The implementation of the EU Directive on the prevention, re-use and recycling of Waste Electrical and Electronic Equipment (WEEE) will most likely open potential market opportunities for U.S. firms, especially those engaged in waste management, recycling and waste recovery technologies, new product development and technological innovation.

Italy has enacted a "Water Safeguard Law," a comprehensive reform of Italy's water quality/discharge. Italy's water collection and distribution systems, as well as its urban wastewater sewage and purification systems are clearly inadequate, requiring an investment of some \$18-47 billion over the next 4-10 years. Long-delayed urgent water projects in Southern Italy will be carried out in 2003 and 2004, facilitated by funding from the European Union.

Italy is largely dependent on foreign expertise in this area, with high regard for U.S. products and technologies. Competition is fierce, but demand is strong for truly innovative products and services, as well as environmental consulting and risk assessment companies.

Data Table:

(USD Millions)	2001 (actual)	2002 (actual)	2003 (estimated)
Total Market Size	4,212	4,339	4,468
Total Local Production	3,820	3,934	4,052
Total Exports	465	478	492
Total Imports	857	883	908
Imports from the U.S.	378	389	401
Exchange rate \$1=euro	1.117	1.057	0.877

The above statistics are unofficial estimates.

Sector Rank: 10
Sector Name: **INSURANCE SERVICES**
ITA Industry Code: INS

Total direct and indirect insurance premiums collected by firms based in Italy increased by 14.1 percent in the year 2002 to \$86,239 million. In particular, \$32,454 million came from casualty insurance premiums and \$53,784 from life insurance premiums, which increased respectively by 8.0 percent and 18.4 percent over the previous year. Life insurance premiums continued to experience rapid growth accounting for 61.5 percent of the total insurance premiums in 2002. The overall demand for insurance products also continued to increase and registered a 12.7 percent growth rate – slightly greater than 9.4 percent of the previous year.

The Association Nazionale Imprese Assicuratrici (National Association of Insurance Companies) predicts slower growth for casualty insurance (about 6 percent) over the next year because of the limits imposed by new legislation on auto insurance. According to the association, total life insurance premiums should reach \$73,286 million in 2003, with life insurance growing at about 14 percent, less than the 18.4 percent growth registered in 2002.

The importance of the insurance industry - measured by the ratio premiums/GDP- has increased every year since 1999, moving from 3 percent in 1999 to almost 4 percent in 2001, This ratio is over 10 percent for the UK and around 6 percent for France. However, Italy now surpasses Germany's 3 percent and is equal to the ratio for Spain. The insurance sector will continue to play a major role in Italy's financial markets due to the deficit of the national pension and health system and the increased importance of the newly created private pension funds.

Among the top ten companies operating in the sector are eight large Italian insurance companies led by "Assicurazioni Generali". Foreign-owned insurance companies, which have been quite aggressive in the market, maintain an estimated market share of 30 percent. Countries whose firms have the strongest market presence are Germany (Ras, Lloyd Adriatico), Switzerland (Winterthur Assicurazioni) and France (Axa Assicurazioni).

The handful of U.S. companies presently doing business in Italy (including AIG Europe, Cigna Life Insurance, Chubb Insurance, Prumerica Life and Allstate) have increased their performance with the market's growth but still only represent approximately 0.3 percent of the market. U.S. companies are expected to take advantage of greater opportunities in Italy due to the liberalization of the EU insurance services market, as well as to the newly-introduced Italian tax incentives for insurance covers involving individual supplemental allowance and long-term care plans.

Data Table:

(USD Millions)	2001 (actual)	2002 (actual)	2003 (estimated)
Total Market Size	73,303	86,239	95,725
Sales by Local Firms	75,002	88,283	97,994
Exports by Local Firms	22,224	24,190	29,072
Sales by Foreign-owned Firms	20,525	24,146	26,803
Sales by U.S.-owned Firms	219	258	287
Exchange rate \$1=euro	1.117	1.057	0.877

The above statistics are unofficial estimates.

Sector Rank: 11

Sector Name: **AIRPORT AND GROUND SUPPORT EQUIPMENT**

ITA Industry Code: APG

With 40 primary and 48 secondary airfields, Italy remains one of the most important European markets for airport and ground support equipment. In the wake of the events of September 11 and other international developments, expenditures on capital equipment are resuming, by both the central and regional governments, in order to achieve two main objectives: first, to enable the primary airports to compete in an ever more competitive European market, and second, to ensure a higher level of security as prescribed by ENAV, the Italian air traffic control agency. The market is therefore expected to expand with increased near/medium term investments, both private and public, for airport expansion, upgrading of existing structures, and purchase of ground support equipment and systems. Following the September 11 events, all international and national airports have seen an increase in expenditures for security and safety structures and systems and more financing is expected for this purpose in the short term.

Fourteen primary Italian airports have been designated for upgrading air transportation management and passenger/cargo terminal facilities, with most activity concentrated in the seven largest Italian airports. In 2002 passenger traffic in these airports exceeded 65 million (the national figure is about 75 million), split as follows: Rome (Fiumicino and Ciampino): 26,000,000; Milan (Linate and Malpensa): 25,000,000; Naples: 4,500,000; Venice: 4,200,000; Catania: 4,000,000; Turin: 2,500,000; Bari: 1,200,000.

U.S. technology and design is highly regarded by Italian airport and ground support equipment operators. U.S. manufacturers currently hold 25 percent of the Italian market and should maintain, and even surpass, this position in the next year.

Data Table:

(USD Million)	2001 (actual)	2002 (actual)	2003 (estimated)
Total Market Size	2,350	2,390	2,450
Total Local Production	1,720	1,780	1,840
Total Exports	720	790	870
Total Imports	1,310	1,400	1,480
Imports from the US	620	630	640
Exchange rate \$1=euro	1.117	1.057	0,877

The above statistics are unofficial estimates.

Sector Rank: 12

Sector Name: **AUTOMOTIVE PARTS AND SERVICE EQUIPMENT**

ITA Industry Code: APS

The Italian market for automotive parts and service equipment experienced a decline of 5 percent during 2002—a negative result reflecting the 11 percent decrease in passenger car production in Italy. Domestic production covered approximately 67 percent of the demand and imports held steady at 33 percent. Sales of original equipment (OE) accounted for 71 percent of total components demand, with 22 percent of OE acquisitions imported. Aftermarket (AM) sales represented 29 percent of overall components demand (with well over half being covered by imports). The exceptional market share of AM imports is attributable to the development of modern distribution channels and transnational operators, improved performance of foreign automotive organizations and greater competitiveness of imported products. Main country suppliers are Germany (33 percent) and France (21 percent). Imports from the U.S. represented 3.5 percent of overall imports.

Italy has reportedly one of the highest auto densities in the world and still one of the oldest circulating auto fleets in Europe with approximately 35 million vehicles currently on the road. Despite the fact that a stabilization, if not contraction, in growth of the vehicle fleet and the simultaneous increase in the reliability of components would point to a slowdown in the growth of the market, the higher frequency of periodic compulsory motor vehicle inspections and stricter pollution control regulations are nonetheless expected to spur sales in Italy of spare parts and service equipment. Furthermore, as the electronic systems on cars become increasingly sophisticated so must service shops invest in new equipment and technologies to provide maintenance for these systems.

In October 2002, new European standards on auto servicing came into force, opening attractive prospects for repair professionals who do not belong to manufacturers' networks. Based on the new rules, these professionals will be able to receive from car manufacturers any technical information and training needed to repair any kind of automobile. This represents a significant market opportunity for Italy's 60,200 independent repair professionals who, along with the 4,200 garages belonging to the official networks, make up the Italian auto repair industry.

While growth in U.S. auto parts, accessories, components and service equipment shipments to Italy is not expected to exceed a 2 percent average annual increase for the next couple of years, the U.S. industry is nevertheless supplying the Italian market primarily from its European subsidiaries. Best prospects include all the wide range of passive and active security components/accessories, environmentally friendly features, diagnostic apparatuses and light weight/acoustic insulation/advanced materials.

Data Table:

(USD Millions)	2001 (actual)	2002 (estimated)	2003 (estimated)
Total Market Size	20,862	20,988	24,036
Total Local Production	28,301	26,328	28,505
Total Exports	12,699	12,241	13,254
Total Imports	6,435	6,901	8,785
Imports from the U.S.	224	236	283
Exchange rate \$1=euro	1.117	1.057	0.877

The above statistics are unofficial estimates.

Sector Rank: 13
Sector Name: **PET PRODUCTS**
ITA Industry Code: PET

The Italian pet market has recorded the highest growth rate among European countries over the past several years. At the same time, the market remains far from saturated. Research shows the role that pets play in Italy has become more important in recent years, leading to a strong and growing market for pet products.

In recent years, the profile of the average Italian pet owner has changed, as has the role pets play in the modern society. Today dogs and cats – but also birds, small animals (rodents) and even exotic animals such as reptiles and fish – are considered friends and companions that provide psychological comfort. In modern, increasingly hectic and stressful society, pets represent security and comfort; they have come to be scientifically recognized as providing important emotional support. The changing and increasingly important role of pets in Italy is leading to the growth in demand for pet-related products and services.

The pet products market in Italy is estimated at \$3.7 billion for 2003, an increase of approximately 5 percent over the previous year. Trade sources have forecast increases of the same magnitude for the next few years. Dog food is one of the sectors that is expected to increase the most, since the consumption rate of commercial food is still very low compared to other countries. While the “Mediterranean diet” (pasta or rice) is still prevalent in dog and cat diets, the market for industrial or commercial pet food has increased greatly in recent years.

The pet care sector is experiencing remarkable growth. The trend towards “humanization” of pets has led owners to buy specific products for their animal companions. In the pet accessories sector, the trend towards diversification is greater. The growth in this sector is due to the development of high technology products, as well as those that focus on the beauty, elegance and “personality” of pets and satisfy pet owner whims.

Imports play a major role in this market -- especially in the pet food sector -- with over one third of the total market. Over 50 percent of pet food and 20 percent of pet accessories are imported. U.S. brands are among these imports, especially in the pet food sector, where they enjoy an excellent reputation.

Given these positive market conditions, the Italian pet products market has great growth potential and offers many opportunities for U.S. companies wishing to expand their sales internationally.

Data Table:

(USD Millions)	2001 (actual)	2002 (actual)	2003 (estimated)
Total Market Size	2,650	2,940	3,700
Total Local Production	1,900	2,100	2,670
Total Exports	200	220	270
Total Imports	950	1,060	1,300
Imports from the U.S.	195	220	280
Exchange rate \$1=euro	1.117	1.057	0.877

The above statistics are unofficial estimates.

Sector Rank: 14

Sector Name: **PLEASURE BOATS AND ACCESSORIES**

ITA Industry Code: MAR

The Italian Pleasure Boat market is the second largest in the world, with an estimated value of \$1.0 billion, second only to the U.S. market, at approximately \$10.0 billion. Italy's natural resources, including 104 ports and marinas and 8,000 miles of waterways, make it a prime location for a thriving pleasure boat market. Currently, there are about 400,000 pleasure crafts in Italy. The Italian market is expected to grow 20% in 2003.

The Italian pleasure boat market is relatively new. Before 1990, pleasure boats were unaffordable to all but a select few due to Italian economic conditions and the relatively high cost of buying and maintaining a boat. With the economic boom of the mid-1980s and the implementation of "boat friendly" legislation, boat purchase and maintenance became more feasible. Today the development of the market continues, as government sponsored projects take hold to modernize and develop pleasure boat marinas and ports, creating new berths and moorings. New legislation also cuts through bureaucratic red tape and reduces fees for boat ownership. In January 2003, new legislation was passed abolishing yearly docking fees for all pleasure boats, as well as granting government protection of certain marinas. Within the next few years, the government plans to more than double the existing number of boat berths in southern Italy. Projects such as these create new opportunities in nautical tourism and the pleasure boat market.

There are many opportunities for American businesses in the Italian pleasure boat market. Besides in the market for new and used motorboats, sailboats, inflatable boats, and motors, opportunities can be found in the exportation of marine accessories such as safety devices and nautical software, as well as in the development and management of Italian marinas and ports. In these fields, American products lead in quality, technology, and reliability. For the past ten years, the United States has held a steady share of the import market averaging about 20 percent per year. The largest imported American item remains the outboard motorboat.

Data Table:

(USD Millions)	2001 (actual)	2002 (actual)	2003 (estimated)
Total Market Size	0.671	0.811	1,039.8
Local Production	0.122	0.145	0.161
Exports by Local Firms	-	-	-
Imports	0.531	0.640	0.827
Imports from U.S.	0.115	0.134	0.185
Exchange rate \$1=euro	1.117	1.057	0.877

The above statistics are unofficial estimates.

Sector Rank: 15
Sector Name: **MANAGEMENT CONSULTING SERVICES**
ITA Industry Code: MCS

The Italian market for management consulting was estimated at \$2.04 billion in 2002 (excluding earnings additional to fee income, such as software licenses, etc.). After experiencing growth up until 2001, with yearly increases of 15 percent or more, the sector was negatively impacted in 2002 by the global economic slowdown. Nevertheless, the outlook for this sector is positive. Human resource management consulting accounts for nearly 31 percent of total revenues, corporate strategy consulting about 25 percent, operations management consulting 24 percent and information technology consulting 18 percent. Among the biggest users of management consulting services are the banking sector (20 percent of the market), wholesale and retail (14 percent), consumer goods (11 percent), and non-profit organizations and government (10 percent).

Italy remains a low consulting-intensive market. The market is comprised of about 3,100 firms with nearly 23,500 people, and is divided among global competitors (most of which are U.S. origin) offering a full-range of state-of-the-art products, a few "national champions," and a number of local or niche players and "gurus". Concentration is lower than in other European countries, with the top 20 firms taking less than 40 percent of overall fee revenues.

Most big multinational consulting firms are well established in the Italian market. Multinational firms make up as much as 55 percent of the market, and U.S. firms about one-third. The largest consulting firm in Italy is Accenture, which employs over 4,000 people. In addition to consulting, Accenture (like other important consulting firms) provides technology and solutions in the area of information services, as well as outsourcing services in the area of administration and financial control.

Issues such as e-business, implementation and enhancement of CRM systems, globalization/internationalization, mergers and acquisitions are key demand drivers of management consulting services, with both private and public organizations offering opportunities. Public service companies and government agencies are slowly but steadily re-organizing and reviewing their operations to achieve higher efficiency. In particular, utility companies -- which used to hold monopoly positions in the telecommunications, energy, and transportation sectors -- are now faced with challenging liberalization and privatization processes. The financial sector also offers opportunities, due to consolidation of banking products and to a need for control systems in financial services. Solid knowledge of the local regulatory environment and market conditions, as well as unique know-how in specialized sectors/functions and adequate international experience have become pre-conditions for effectively competing in this market. American consulting firms considering entering the Italian market should explore the possibility of teaming up with Italian partners.

Data Table:

(USD Millions)	2001 (actual)	2002 (actual)	2003 (estimated)
Total Market Size	1,915	2,042	2,511
Sales by Local Firms	940	1,003	1271
Exports by Local Firms	115	123	150
Sales by Foreign-owned Firms	1,090	1,162	1,390
Sales by U.S.-owned Firms	640	682	830
Exchange rate \$1=euro	1.117	1.057	0.877

The above statistics are unofficial estimates.

B. BEST PROSPECTS FOR U.S. AGRICULTURAL EXPORTS

U.S. bulk and intermediate commodities are used as ingredients or inputs for value-added products re-exported and sold globally. This is particularly true for wheat and forest products, among the largest U.S. agricultural exports to Italy. Italian wheat imports from the U.S. primarily consist of high-quality durum wheat used to produce pasta. In 2002, durum wheat imports from the United States totaled \$51 million. In 2003, unfavorable weather conditions and reduced plantings are expected to push Italian wheat imports even higher. These factors, in addition to the depreciation of the dollar and growing Italian pasta exports, could benefit U.S. wheat exporters.

Italy has a long tradition in woodworking and manufacturing products made from hardwood and softwood. The Italian wood industry imports 80 percent of the raw materials used for manufacturing finished products, that are then re-exported. U.S. wood export opportunities exist for species not readily available in Europe. These include high-grade hardwood, mainly tulipwood, red alder and white and red oak, as well as other species such as ash, cherry and hard maple. Italian manufacturers are very receptive to working with new U.S. hardwood species. In 2002, U.S. hardwood lumber exports to Italy totaled nearly \$82 million. Well-established grading rules, efficient shipment and reliable delivery schedules from the U.S. are perceived as advantages. Italy is expected to continue importing U.S. wood products, although competition from low-cost East European suppliers is likely to increase.

Consumer-oriented exports to Italy are also on the rise. The Italian diet has become an international reference point as it combines both Continental and Mediterranean eating habits. At the same time, Italians remain fairly traditional in their food habits. Consumption trends indicate that Italian consumers are very health conscious and are willing to pay a premium for quality foods such as seafood products.

Italy is the world's fifth largest importer of seafood products. With a population of approximately 58 million, Italy has an annual per capita consumption of about 23 kg of fish and seafood. Italy imports nearly \$2.4 billion of fish and seafood products annually, with half of its seafood imports coming from EU member states, particularly Spain. Last year, Italy imported more than \$42 million in seafood products from the United States.

Wheat

Data Table:

(USD Millions)	U.S.	World
	Imports	Imports
2001	135	1,200
2002	117	1,100

The above statistics are unofficial estimates.

Hardwood

Data Table:

(Millions of euro)	U.S.	World
	Imports	Imports
2001	94	2,600
2002	86	2,568

The above statistics are unofficial estimates.

Seafood

Data Table:

(USD Millions)	U.S.	World
	Imports	Imports
2001	47	2,485
2002	46	2,397

The above statistics are unofficial estimates.

C. SIGNIFICANT INVESTMENT OPPORTUNITIES

The Italian regions will spend about \$45 billion euros largely in “objective one” areas in Southern Italy co-financed by the European Commission and regional governments as part of the 2000-2006 EU spending program. Additional EU funds will be spent in disadvantaged parts of Italy under “objective two” funding. These areas are located in Northern and Central Italy.

The regional governments overall strategy for Southern Italy (Objective one) focuses on reducing barriers to domestic and foreign private sector infrastructure investment: strengthening law and order, fostering the spirit of innovation, reducing the underground economy, and boosting tourism. Natural resources will receive 19.2 percent of total funding (7.5 billion euro) and service networks (security, transportation, telecommunication, and sanitation infrastructure) are slated for 19.4 percent (7.7 billion euro). The tourism infrastructure sector is to receive some 800 million euro. Environmental protection projects are slated to receive 7.7 percent for a total of 1.6 billion euro from the natural funding for resources.

The regions, which have had to return unused EU funds in the past, are determined to ensure that they can program their full share of funds allocated by the EU.

Some 50 percent of the EU funds for Southern Italy will be spent in 2 regions – the Campania region, including Naples, and Sicily. Campania will receive over 25 percent of the funds for Southern Italy or almost 7.2 billion euro. The region, home to Capri, the Amalfi Coast and the Sorrento peninsula, boasts significant tourism sector opportunities, ICT and environmental projects. Another 25 percent will go to Sicily where, thanks to its special autonomous status, U.S. firms participating in investment projects in Sicily can benefit from additional regional grants from the Sicilian regional government.

The Italian Government's determination, together with that of the regional governments to make full use of EU funds, provides opportunities for U.S. firms to partner with European firms and regional governments on realizable projects. U.S. firms can also partner with Italian firms on investment projects in under-developed areas. In these cases, the venture can receive up to 50 percent of the funds required for land, buildings, equipment, and feasibility studies in grant form from the EU. Promising areas for American firms include franchising of lodging facilities, airport expansion projects, theme parks, and golf course developments. Opportunities are also available for firms with advanced know-how in the security sector, environmental technologies for waste disposal and soil and water clean up.

The Government of the United States acknowledges the contribution that outward foreign direct investment makes to the U.S. economy. U.S. foreign direct investment is increasingly viewed as a complement or even a necessary component of trade. For example, American firms that have operations abroad sell roughly 60 percent of U.S. exports. Recognizing the benefits that U.S. outward investment brings to the U.S. economy, the Government of the United States undertakes initiatives, such as Overseas Private Investment Corporation (OPIC) programs, investment treaty negotiations and business facilitation programs, that support U.S. investors.

For information on projects in Southern Italy, American firms should contact the Commercial Service at the U.S. Consulate in Naples (for contact information, see Chapter 11).

Chapter 6. TRADE REGULATIONS, CUSTOMS AND STANDARDS

TRADE BARRIERS

Broadcast Directive and Motion Picture Quotas

Italy passed legislation in 1998 to significantly tighten European content requirements (TV quotas). Italy's previous requirement was that a majority of television broadcast time for feature films be reserved for films produced in the EU, and that half of the European quota be dedicated to films produced in Italy. The EU Directive excludes news, sports, game shows, advertising, teletext and teleshopping. Italy's regulation goes beyond the EU Directive by applying quotas specifically to prime time broadcasting, and excludes talk shows from fulfilling the quota, also.

A separate but related issue concerns films shown in Italian theaters. After eliminating obligatory screen quotas for Italian films in 1994, Italy re-instituted EU content quotas specifically for multiplex cinemas in Fall 1998. Building restrictions on new multiplexes were also created, in order to minimize competition with existing cinemas. The quotas require that multiplexes devote 15-20 percent of seats, in at least three theaters per multiplex, to EU content on a "stable" (daily) basis. The United States continues its efforts both to obtain elimination of discriminatory laws and regulations in the audiovisual sector and to limit their impact in the interim.

Civil Aviation

Italy and the United States agreed on an "Open Skies" civil aviation regime in 1999. This liberalized the Italy-U.S. air travel market dramatically.

Government Procurement

In Italy, fragmented, often non-transparent government procurement practices and previous problems with corruption have created obstacles to U.S. firms' participation in Italian government procurement. However, Italy has made progress in making the laws and regulations governing procurement more transparent, although Italy has not yet fully updated its code, nor completely implemented EU directives on government procurement. In addition, the pressure to reduce government expenditures while increasing efficiency is resulting in increased use of competitive procurement procedures and greater emphasis on best value rather than automatic reliance on traditional suppliers. This trend is benefiting U.S. firms.

CUSTOMS REGULATIONS / TARIFF RATES / IMPORT LICENSE REQUIREMENTS

Prior to signing a long-term contract or sending a shipment of considerable value, it may be prudent for a U.S. exporter to first obtain an official ruling on the customs classification, duty rate, and taxes. Such requests should be sent to the Ministry of Finance's Customs Department, Rome, Italy (see "Customs Contact Information" at the end of this Section). The request should describe the product, the material it is made from, and other details required by customs authorities to classify the product correctly. While customs will not provide a binding decision, the advance ruling will usually be accepted as long as the imported goods are found to correspond exactly to the description provided by the exporter.

With exception of a small group of largely agricultural items, practically all goods originating in the United States can be imported without import licensing or free of quantitative restrictions. There are, however, monitoring measures applied to imports of certain sensitive products. The most important of these measures is the automatic import license for textiles. The import license

is the responsibility of the Italian importer. The import license is the responsibility of the Italian importer. This license is granted to Italian importers when they provide the requisite forms.

Various textile, apparel, and controlled products (such as arms and munitions), are the most frequently regulated items. Import licenses are generally granted for goods of U.S. origin rapidly and delays are usually caused by lack of proper documentation, or information.

Licenses are not transferable, although they may be used to cover several shipments within the total quantity authorized. In general, the goods involved are indicated on the license by the Harmonized System classification number and the corresponding wording of the tariff position.

VALUE-ADDED TAXES

While customs duty rates are the same for all 15 EU countries, the value-added tax (VAT) and excise tax on products and services usually differ from country to country. These taxes are levied in the country of final destination. Following is the schedule of VAT rates presently applicable in Italy:

Zero rate: Applies to exports outside the EU and supplies of goods to entrepreneurs in other EU states, sales of ships and aircraft and related parts, and supplies (with certain limitations) and specified services relating to international operations;

4 percent: Applies to numerous basic agricultural products, basic foodstuffs (i.e. bread, milk and fruits), certain medical aids, books and newspapers;

10 percent: Applies to certain agricultural products, transportation services for individuals, most foodstuff, livestock and meat, most pharmaceutical products, energy for private use, telecommunication services rendered through public phones (tlc for private use are at 20 percent rate), services rendered by hotels and restaurants and the cost of domestic airline tickets;

20 percent: As the standard rate, applies to all goods and services not subject to other rates (including most of the goods previously subject to the 12 percent rate – i.e., shoes, textiles, records and tapes).

TEMPORARY GOODS ENTRY REQUIREMENTS

Temporary Imports

Material may temporarily be imported into Italy without payment of duties or tax if such material is to be used in the production or manufacture of a product that is to be exported. The importer gives a security deposit, usually in the form of a guarantee from a bank or insurance company, for the amount of the usual duties and taxes. Upon exportation of the finished product, the guarantee is released or the deposit returned.

Temporary entry of goods intended to be re-exported in the same condition is permissible free of import duties and taxes upon approval of an application by Italian Customs (See Customs Contact Information, later in this section).

Samples of products, without commercial value, are admitted free of duty and taxes. Product literature should be marked "product literature - no commercial value". Samples with commercial value are also admitted duty and tax free, provided that the following conditions are complied with:

(a) The samples are accompanied by a representative of the U.S. firm with a statement, notarized by an Italian Consulate, identifying the commercial traveler and attesting to the intention that the samples are being imported into Italy only for show or demonstration, and will be re-exported without sale.

(b) A certificate of origin from a recognized chamber of commerce is submitted to identify the source of the goods.

(c) A deposit or bond, in the amount of the applicable customs duties and taxes, is made at the point of entry. This will be refunded when the goods are re-exported.

(d) A list (in duplicate) with a full description of each sample, including weight and value, is submitted. It is helpful to have such a list in Italian.

U.S. traders should be aware of a more simplified procedure, which is a carnet for the temporary importation of samples without posting guarantees. See the "Carnets" section located in Chapter IX: Business Travel (under Temporary Entry of Goods).

In practice, samples valued in excess of 2,582 Euro (or about \$2,900) are practically impossible to clear through Italian customs informally. In such cases, it is advisable to engage the services of a local freight forwarder.

Goods in Transit

Goods may clear customs with an EU transit procedure, issuing a single transit document under which the goods may be easily shipped across frontiers of the EU member states. These transit documents are completed for the importer by a freight forwarder in Italy. The EU transit document provides the basis for a single, comprehensive procedure covering the goods within the EU. Since the single transit document is an EU form, the European importer, customs house broker, freight forwarder, or shipper must prepare the document at the point of entry.

Inward and Outward Processing

Inward processing is the temporary importation of raw material or products for additional manufacture or processing. Merchandise imported for additional processing and eventual re-export out of the EU is eligible for custom-free treatment.

The re-exported goods may be partly or totally processed. The import duty and taxes are levied only on those goods that are not re-exported and are finally sold in the EU.

To qualify for inward processing, an Italian (or EU) firm must satisfy customs that it is necessary to use imported goods instead of EU goods; state an intention to export products manufactured from the imported goods (or equivalent goods available in the EU); and assure that, upon re-exportation, the conditions set forth in the authorization are satisfied, the exported products are accounted for, and the entered goods are identifiable and relate to specific importations.

In outward processing, a firm in Italy may export goods, for further manufacture or processing, from the EU customs area and then re-import the final product. Duties and taxes are levied only on the increased value added by the expatriate manufacturing or processing when the goods are returned to Italy, not on the total value of the product. Only firms located in Italy or other EU countries are eligible to take advantage of this option, by gaining approval of the Customs authorities.

SPECIAL IMPORT/EXPORT REQUIREMENTS AND CERTIFICATIONS

Documents required for exporting include a shipper's commercial invoice and a bill of lading, or

air waybill, none of which require consular legalization. For textiles and apparel, it is good practice to provide a certificate of origin, available through most state chambers of commerce. For other products, however, if substantive proof of U.S. origin is provided through accompanying documents, as well as through characteristic trademarks, a certificate of origin is not normally necessary. For additional information or assistance on export documentation, readers should consult publications such as the Exporter's Encyclopedia, published by Dun's Marketing Services or contact a local U.S. Department of Commerce International Trade Administration Export Assistance Center.

LABELING REQUIREMENTS

There is no general requirement for imports to be marked with country of origin. Under Italian legislation, the origin of imported merchandise is established through documentation accompanying the shipments, not through marking of products or their containers. Certain specified commodities, however, must be marked or labeled to show composition, and name and location of manufacturer, in accordance with various laws and regulations. The following articles are subject to special marking or labeling regulations: lime, cement and similar binding agents; pianos, automatic pianos, harmonicas and similar instruments; clinical thermometers; ethical medicines; cosmetics. Hallmarking of gold and silver articles is required before they can be offered for sale. Only small tolerances are allowable for discrepancies from manufacturing errors. The hallmarking may be done by a hallmarking office after importation.

Italy uses the metric system of weights and measures, which is called the International System of Units (SI). The European Community has established standardized packaging units for numerous products, which should be consulted by U.S. exporters. Labeling must be in metric units for all imported products to be sold in Italy. Products are allowed to be imported and then labeled in SI metric units prior to sale. Dual labeling information is permitted, but the non-metric information must not predominate.

Imports of certain commodities such as packaged foods, distilled spirits, beer, wine, vinegar and foodstuffs are subject to special regulations requiring their labeling to display manufacturer, composition, content (in metric units), and country of origin. In view of the complexity of these regulations and changing requirements, information should be requested from the importer prior to shipment. When the services of an importer are not available, information can be obtained directly from the appropriate Italian Government authority listed at the end of this publication. For agricultural and food products, see "Trade Regulations and Standards for Agriculture" below.

PROHIBITED IMPORTS

There are a number of Italian regulations and European Community directives that prohibit certain foodstuffs, food colorings, drugs and narcotics, animal products, plants, seed grains, alcohol, cosmetics and toiletries, etc. It is therefore recommended American exporters contact the Italian importer prior to the shipment or use their freight forwarder to make the determination.

EXPORT CONTROLS

The Bureau of Industry and Security (BIS), part of the U.S. Department of Commerce, is responsible for implementing and enforcing the Export Administration Regulations (EAR), the legislation regulating the export and reexport of most commercial items. The items that BIS regulates are referred to as "dual-use" - items that have both commercial and military or

proliferation applications - but purely commercial items without an obvious military use are also subject to the EAR.

The EAR do not control all goods, services, and technologies. Other U.S. government agencies regulate more specialized exports. For example, the U.S. Department of State has authority over defense articles and defense services. A list of other agencies involved in export controls can be found on the BIS website www.bxa.doc.gov, or in Supplement No. 3 to Part 730 of the EAR which is available on the Government Printing Office Web (a link is provided on BIS's website). BIS's website (www.bxa.doc.gov) is designed to give people who are new to exporting, and, in particular, new to export controls, a general understanding of U.S. government regulations and how to use them. The website also has a number of essential links to other U.S. government sites that can provide background information to U.S. exporters who may have questions.

STANDARDS

Overview

As a member of the EU, Italy applies the product standards and certification approval process developed by the European Community. EU standards setting is initiated by industry or mandated by the European Commission. This process is carried out by independent standards bodies at the national, European or international level. There is strong encouragement for non-governmental organizations, such as environmental and consumer groups, to participate in the development of European standards.

A new legislative strategy was instituted in the 1980's designed to harmonize the health, safety, and environmental requirements of Member States into one European-wide legislative package. The result is a new set of laws called the New Approach Directives. Directives, the principal form of EU legislation, specify mandatory health and safety regulations for products and manufacturing processes. With the establishment of Directives, one unified law replaced various national laws. In 1989, the "New Approach" was supplemented by the "Global Approach" to standardization. This provided for the establishment of procedures to assess the conformity of products with the requirements of the Directives. It also provided for the affixing of CE marking to such products (see Conformity Assessment).

The goal of the New Approach is to streamline harmonization and the development of standards for broad product families. These product families include machinery, toys, construction products, electromagnetic compatibility, personal protective equipment, non-automatic weighing instruments, medical devices, gas appliances, hot water boilers, and radio and telecommunications terminal equipment (RTTE). Three regional European standards organizations, CEN, CENELEC and ETSI, are mandated by the Commission to develop technical standards that are consistent with the health and safety requirements of EU Directives. As an EU member state, Italy is required to incorporate approved EU Directives into its national laws.

Standards

U.S. firms exporting to Italy must conform to EU standards and/or national Italian standards. The drafting of EU product standards is handled by three European standards organizations:

CENELEC, European Committee for Electrotechnical Standardization
(<http://www.cenelec.org/>)

ETSI, European Telecommunications Standards Institute (www.etsi.org)

CEN, European Committee for Standardization, handling all other standards
(<http://www.cenorm.be/>)

The European Commission (the lawmaking body) and the European standards bodies collaborate to produce Harmonized Standards. When a standard is completed, the Commission publishes the notice of its completion in the *Official Journal of the European Communities*. Products manufactured to standards adopted by CEN, CENELEC and ETSI and published in the *Official Journal* conform to the requirements of EU Directives. (Legislation, as well as a list of harmonized standards, can be found on the www.newapproach.org website). The manufacturer then applies what is called a CE Mark to the product and issues a Declaration of Conformity. With these measures in place, the product will be cleared for commercial transaction within the European Union (see below under Conformity Assessment).

A product manufactured in conformity with EU legislation in one Member State will be guaranteed automatic access to the markets of all the other Member States. U.S. manufacturers who apply the CE mark to their product will also be guaranteed access to all of the markets in the Member States of the European Union.

Italy and other EU Member States are required to transpose EU Directives into national law. The Directives define a schedule for adoption, publication and implementation of national provisions. Directives also recognize a transitional period during which existing national provisions and new legislation will co-exist. In such cases, the manufacturer has a choice of following either of these provisions. Similarly, purely national standards must be replaced when agreement has been reached on a harmonized European standard.

To keep abreast of CEN and CENELEC's plans for future standardization, it is best to visit their websites. CEN's "business domain" page provides an overview by sector and/or technical committee whereas CENELEC offers the possibility to search its database. ETSI's portal (http://portal.etsi.org/Portal_Common/home.asp) describes ongoing activities.

There will be instances when no European standard exists for a product that is unique, or innovative, or whose technology is developing rapidly. In this case, a Member State may inform the manufacturer of an existing national standard it considers relevant, or the use of a national standard may be permitted as a temporary solution to the proper implementation of the essential requirements.

In Italy, the national standards bodies are:

- (1) UNI-Ente Nazionale Italiano di Unificazione (The Italian National Bureau of Standards), via Battistotti Sassi 11b, 20133 Milan, +39 02 70024.1, www.uni.com/it, and
- (2) CEI-Comitato Elettrotecnico Italiano, via Saccardo 9 20134 Milan, +39 02 21006.1, www.uni.com/it

Conformity Assessment

Conformity assessment in Europe is the process by which compliance with the health and safety requirements of EU Directives is determined. It ensures consistency of compliance with EU regulations during all stages of the production process to facilitate acceptance of the final product. Conformity assessment is a necessary step for manufacturers. New Approach legislation calls for the issuance of a Declaration of Conformity by the manufacturer, and depending on the product, may require a certificate of conformity from an independent certification body (see below).

To indicate conformity to EU requirements, an insignia called a CE mark must be placed on all regulated products before they can be sold on the EU market. The CE mark, which simplifies

the market surveillance of regulated products, works like a passport for products entering Europe. CE marking a product, like carrying a passport when entering a foreign country, is required by law if the product falls under an EU Directive. Intended for Member State authorities, it is the visible sign that a product is in compliance with the essential health and safety requirements of all Directives that apply to the product. All manufacturers, European, American, or other, are required to affix the CE mark to products that are governed by EU legislation. Although CE marking is intended primarily for inspection purposes by Member State inspectors, the consumer may well perceive it as a quality mark.

The manufacturer or the authorized representative affixes the CE marking to the product. The manufacturer is defined as the entity responsible for designing and manufacturing a product covered by a New Approach Directive, and whose intention is to place it on the European Union market. A manufacturer may contract out the design or production, may use finished products, parts or components. In all cases, however, he or she is ultimately responsible for the product and its compliance with the law. An authorized representative is a person appointed by the manufacturer and delegated to act on his or her behalf in carrying out legal tasks within the EU. This authorized representative must be established inside the European Union and available to Member State authorities. The manufacturer, however, is ultimately responsible for the actions carried out by the authorized representative.

The first step to compliance is determining which Directives apply to the product. Because Directives cover broad product families, a single product may be regulated by more than one Directive. Before affixing the CE mark, therefore, the manufacturer must make sure the product complies with EU legislation by (1) determining which New Approach Directives govern the product, (2) applying the appropriate standards, and (3) carrying out the appropriate method of conformity assessment.

Most products covered by New Approach Directives can be self-certified by the manufacturer and do not require the intervention of an independent certification body. To self-certify, the manufacturer must assess the conformity of products to the applicable Directives, and to any standards that apply. The manufacturer may affix the CE marking to products or equipment, and prepare what is known as a Declaration of Conformity, as long as he or she can prove conformity to the applicable requirements. A Declaration of Conformity is a document informing Member State surveillance authorities that the product meets the essential requirements of the applicable Directives, or if no Directive applies, that the product has been issued a valid examination certificate signifying compliance with general EU requirements and the relevant national standards. New Approach legislation mandates the issuance of a Declaration of Conformity by the manufacturer and sometimes requires a certificate of conformity from an independent certification body. Certain (high risk) products may not be self-certified, but must be subjected to a special EC type-examination. This examination involves the inspection of a representative example by a notified body (see below).

The CE mark must be affixed to the product, to its data plate, or where this is not possible or not warranted on account of the nature of the product, to its packaging. It must also be affixed to the accompanying documents provided by the manufacturer or the authorized representative in the European Union. The CE mark must be affixed visibly, legibly and indelibly.

The CE mark is not intended to include detailed technical information on the product, but there must be enough information to enable the inspector to trace the product back to the manufacturer or the authorized representative established in the EU. This information should not appear next to the CE mark, but rather on the Declaration of Conformity or other documents accompanying the product.

There are hundreds of conformity assessment bodies in Italy. The European Organization for Conformity Assessment website (<http://www.eotc.be>) has a comprehensive list of Italian conformity assessment bodies with contact information.

Product Certification

Independent certification bodies, known in the EU as notified bodies, have been officially cleared by European Union authorities to test and certify to EU requirements. Barriers are costly and sometimes even prohibitive for companies that wish to sell their products in foreign markets. Under Mutual Recognition Agreements (MRAs), manufacturers are able to have the conformity of their products assessed in accordance with the regulatory requirements of the relevant third country (i.e., Italy) in appropriately designated laboratories, inspection bodies, and conformity assessment bodies in their own country. This reduces the cost of such assessments and the time needed to accede to markets. MRAs between the US and the EU allow notified bodies based in the United States (referred to as conformity assessment bodies) to test products according to EU specifications, and vice versa.

While EU and US authorities are still in the process of establishing mutually recognized regulations for certain product categories, some MRAs are already in place. The US and EU have concluded mutual recognition agreements on the following commercial topics: network and electromagnetic compatibility (EMC) for telecom, commercial topic communications, information technology equipment, and radio transmitters; EMC and electrical safety for electrical and electronic products; quality inspections for the manufacturing of pharmaceutical products and certain medical devices; product assessment for medical devices; and safety of recreational craft.

Accreditation

Accreditation is the procedure whereby an authorized body gives formal recognition that an organization or person is authorized to perform certification tasks. Accreditation in the European Union is handled at the Member State level; each European country has its own accreditation authorities. The accreditation bodies in Italy are SINAL, SNT and SINCERT. They are concerned with the accreditation of laboratories, calibration centers and certification/inspection bodies, respectively.

SINAL's (Sistema Italiano Nazionale di Accreditamento dei Laboratori) purpose is the national accreditation of Italian and foreign testing laboratories, to ensure that the results of the tests performed by them are universally accepted. Among the sectors with the largest number of accreditations are machinery, chemicals and the environment.

The Sistema Nazionale di Taratura (SNT) has the task of disseminating units of measurement in the various industries. SNT is composed of the primary institutes of metrology. These are the Istituto di Metrologia "Gustavo Colonnetti," the Istituto Nazionale Elettrotecnico "Galileo Ferraris," the ENEA (Ente per le Nuove Tecnologie, l'Energia e l'Ambiente), and SIT (Servizio Italiano di Taratura), a network of over 100 national laboratories accredited by the primary institutes of metrology.

SINCERT (Sistema Nazionale per l'Accreditamento degli Organismi di Certificazione) accredits certification bodies for quality systems, products, personnel, environmental management systems, and inspection bodies.

Technical Regulations

The *Official Journal of the European Communities* is the official gazette of the European Union. It is published daily and consists of two series covering draft and adopted legislation as well as case law, questions from the European Parliament, studies by committees, and more (<http://europa.eu.int/eur-lex/en/index.html>). It lists the standards reference numbers linked to legislation. National technical regulations are published on the Commission's website <http://europa.eu.int/comm/enterprise/tris/> to allow other countries/interested parties to comment.

The International Organization for Standardization (ISO), a network of national standards institutes in 148 countries, allows public input into the development of international technological standards (www.iso.org). ISO invites members of the public, private companies and special interest groups to review and comment on its plans for forthcoming technological standards. At the conclusion of a three-month public review period, an ISO committee considers all comments received. US companies can use this forum to help ensure the broadest possible input into ISO's technological standards.

Labeling/Marking

There is no general requirement for imports to be marked with country of origin. Under Italian legislation, the origin of imported merchandise is established through documentation accompanying the shipments, not through marking of products or their containers. Certain specified commodities, however, must be marked or labeled to show composition, and name and location of manufacturer, in accordance with various laws and regulations. The following articles are subject to special marking or labeling regulations: lime, cement and similar binding agents; pianos, automatic pianos, harmonicas and similar instruments; clinical thermometers; ethical medicines; cosmetics. Hallmarking of gold and silver articles is required before they can be offered for sale. Only small tolerances are allowable for discrepancies from manufacturing errors. The hallmarking may be done by a hallmarking office after importation.

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Imports of certain commodities such as packaged foods, distilled spirits, beer, wine, vinegar and foodstuffs are subject to special regulations requiring their labeling to display manufacturer, composition, content (in metric units), and country of origin. In view of the complexity of these regulations and changing requirements, information should be requested from the importer prior to shipment. When the services of an importer are not available, information can be obtained directly from the appropriate Italian Government authority listed at the end of this publication. For agricultural and food products, see "Trade Regulations and Standards for Agriculture" below.

Contact Information

Istituto Nazionale per il Commercio Estero (National Institute of Foreign Commerce)

Viale Liszt, 21

00144 Roma

Tel: +39-06-59921

Fax: +39-06-5992-6899

www.ice.it

ice@ice.it

Ente Nazionale Italiano di Unificazione (UNI)

(Italian National Bureau of Standards)

Via Battistotti Sassi, 11/B

20133 Milan

Tel: +39-02-700-241

Fax: +39-02-7010-5992/6106

www.uni.com

uni@uni.com

Comitato Elettrotecnico Italiano
(Electrical standards and certification)
Via Saccardo 9
20134 Milan
Tel: +39-02-210061
Fax: +39-02-21006210
www.ceiuni.it
cei@ceiuni.it

Ministero dell'Industria e Commercio
Ufficio Centrale Brevetti per Invenzioni
(Patent and trademark applications and inquiries)
Modelli e Marchi
Via Molise 2
00187 Roma, Italy
Tel: +39-06-47052910
Fax: +39-06-4705-2042
www.minindustria.it
www.european-patent-office.org/it/
cccmail@minindustria.it

U.S. Mission to the E.U.
Foreign Commercial Service
Rue Zinner 13
B - 1000 Brussels, Belgium
Fax: 32 2 513 1228
Gwen B. Lyle – Standards Attaché
Tel: 32 2 508 2674
gwen.lyle@mail.doc.gov
Sylvia Mohr – Standards Specialist
Tel: 32 2 508 2675

CEN – European Committee for Standardization
Rue de Stassart 36
B – 1050 Brussels, Belgium
Fax: 32 2 550 08 19
Tel: 32 2 550 08 25 / 550 08 11
www.cenorm.be

CENELEC – European Committee for Electrotechnical Standardization
Rue de Stassart 35
B – 1050 Brussels, Belgium
Tel: 32 2 519 68 71
Fax: 32 2 519 69 19
www.cenelec.org

ETSI - European Telecommunications Standards Institute
Route des Lucioles 650
F – 06921 Sophia Antipolis Cedex, France
Tel: 33 4 92 94 42 12
Fax: 33 4 93 65 22 99
www.etsi.org

European Commission
Enterprise Directorate - General

Rue de la Science 15
B – 1040 Brussels, Belgium
Mail: Office: SC15 02/09 B – 1049 Brussels
Tel: 32 2 299 56 72
Fax: 32 2 299 16 75
http://europa.eu.int/comm/enterprise/standards_policy/

EFTA – European Free Trade Association
Rue de Trèves 74
B – 1040 Brussels
Tel: 32 2 286 17 41
Fax: 32 2 286 17 42
<http://www.efta.int/>

NORMAPME – European Office of Crafts Trades and Small and Medium-Sized Enterprises for Standardization
Rue Jacques de Lalaing 4
B – 1040 Brussels, Belgium
Tel: 32 2 282 05 31
Fax: 32 2 282 05 35
www.normapme.com

ANEC - European Association for the Co-ordination of Consumer Representation in Standardization
Avenue de Tervueren 36, Box 4
B – 1040 Brussels, Belgium
Tel: 32 2 743 24 70
Fax: 32 2 706 54 30
www.anec.org

ECOS – European Environmental Citizens Organization for Standardization
Boulevard de Waterloo 34
B – 1000 Brussels, Belgium
Tel: 32 2 289 10 93
Fax: 32 2 289 10 99

EOTA – European Organization for Technical Approvals (for construction products)
Avenue des Arts 40
B – 1040 Brussels, Belgium
Tel: 32 2 502 69 00
Fax: 32 2 502 38 14
info@eota.be

EOTC – European Organization for Conformity Assessment
Rue de Stassart 36
B – 1050 Brussels, Belgium
Tel: 32 2 502 40 40
Fax: 32 2 502 42 39
www.eotc.be

FREE TRADE ZONES / WAREHOUSES

There are two free trade zones in Italy located in Trieste and Venice. Goods of foreign origin may be brought in without payment of taxes or duties, as long as the material is to be used in the production or assembly of a product that will be exported.

Benefits of a free-trade zone include:

- customs duties deferred for 180 days from the time that the goods leave the free-trade zone to enter another EU country;
- the goods may undergo any transformation free of any customs restraints;
- absolute exemption from any duties on products coming from a third country.

The free-trade zone law also allows a company, of any nationality, to employ workers of the same nationality, under that country's labor laws and social security.

Italy also has numerous general warehouses that are located throughout Italy in all the port areas and cities. There are no limitations as to the type or origin of merchandise that can be stored in free trade zones, bonded or customs warehouses. The time limit for such storage is 5 years. Merchandise that deteriorates while in storage can be destroyed without the payment of a duty.

The advantage to American firms of a free trade zone or bonded warehouse is having a European base of supply to assure customers prompt delivery and service, ability to maintain inventory at low cost, and a minimum of customs paperwork.

MEMBERSHIP IN FREE TRADE ARRANGEMENTS

Italy has been a member of the European Union (EU) since its inception in 1958. The other EU members are Belgium, Denmark, France, Germany, Greece, Ireland, Luxembourg, the Netherlands, Portugal, Spain, the United Kingdom, Austria, Finland and Sweden. The EU forms a large unified market having free trade among the member states. It levies a common tariff on imported products coming from non-EU countries such as the United States, Japan, and Canada. The EU also has a common agricultural policy, joint transportation policy, and free movement of goods and capital within the member states. Other aspects of commercial activity are being harmonized, such as financial markets, insurance regulation, and pension programs.

The EU grants tariff preferences to more than 100 developing countries and about 40 overseas territories under the EU's Generalized System of Preferences (GSP). Imports of nearly all semi-manufactured and manufactured goods originating in these countries and territories enter the EU duty free. Annual duty-free quotas are established for those products, and a system with certificates of origin has been established to ensure that goods are not diverted by third parties through the GSP countries.

Free trade agreements have been developed between the European Union and the European Economic Area (EEA), which includes Norway, Iceland, Liechtenstein, and Switzerland. Under the terms of these agreements, most industrial products and certain processed agricultural products are exempt from import duties if exchanged within this trading bloc. The result of the agreements reached between the EU members and the EEA members is an open trading area for most industrial products between 19 nations, encompassing population of 380 million, soon to grow even larger as the EU expands.

CUSTOMS CONTACT INFORMATION

Ministero dell'Economia e delle Finanze
(Ministry of the Economy and Finance)
Agenzia delle Dogane
(Customs Agency)
Contact: Mario Andrea Guaiana, Customs Agency Director

Via M. Carucci 71
00143 Roma
Tel.: +39-06-50241
Fax: +39-06-5024-3076
drd.roma.udr@agenziadogane.it
www.agenziadogane.it

WARRANTY AND NON-WARRANTY REPAIRS

Products that are exported for repairs, will not incur duties or taxes upon return to Italy.

Shipments of replacement parts to Italy, however, are subject to duties plus VAT, even if shipped for a product under warranty.

TRADE REGULATIONS AND STANDARDS FOR AGRICULTURE

Since Italy is a member of the European Union (EU), virtually its entire agricultural sector is governed by the Common Agricultural Policy (CAP). Similarly, Italy employs the same tariffs, levies and other EU regulations as the other fourteen member states. For example, Italy imposes variable levies (on grain products) and quotas (on meat, cheese, bananas) as required by the European Union. Italy also applies a value-added tax on most food/agricultural items (ranging from 4 percent for semi processed commodities to 19 percent for "luxury", or high value food items).

If a product is directly imported into Italy it must meet all Italian food safety and quality standards, as well as Italian labeling and packaging regulations. Many of these standards and regulations have been harmonized within the European Union. For example, the EU has adopted a number of regulations covering production standards, analytical characteristics, product specifications, allowable additives, and labeling. Specific EU regulations exist for cocoa, chocolate products, sugars, fruit juices, fruit jams and jellies, milk and casein products.

However, where EU standards do not exist, Italy can set its own national requirements. Some of these have been known to hamper imports of game meat, processed meat products, frozen foods, alcoholic beverages, and snack foods/confectionery products. U.S. exporters of "health" foods, weight loss/diet foods, baby foods and vitamins should work closely with an Italian importer, since Italy's labeling laws regarding health claims can be particularly stringent. Italian legislation sets forth orders, obligations and criminal sanctions for violations.

Food law is divided into two basic categories: rules dealing with hygiene/sanitary issues and rules governing labeling and packaging. All laws apply equally to domestically produced and imported goods. Italy is still working on specific sectors of food law to bring the regulations scientifically up to date in the areas of hygiene/sanitation. In the case of food additives, coloring and modified starches, Italy's laws are considered to be comparable to current U.S. laws, albeit sometimes more restrictive.

Basic labeling requirements in the EU/Italy:

Name of products (physical condition or specific treatment)
Name/address of manufacturer, packager, seller or importer
Use of local language
Country of origin
Ingredients in descending order of weight
Metric weight and volume
Additives by category name
Special storage conditions
Minimum shelf life date

Special preparation instructions

U.S. exporters should be aware that any food or agricultural product transshipped through Italian territory must meet Italian requirements, even if the product is transported in a sealed and bonded container and is not expected to enter Italian commerce.

Chapter 7. INVESTMENT CLIMATE

OPENNESS TO FOREIGN INVESTMENT

Foreign investors generally find no major impediments to investing in Italy, although bureaucratic requirements can be burdensome. One hundred percent foreign ownership of Italian firms is allowed, but is not common. Some restrictions on foreign investment exist. The government has the authority to block mergers involving foreign firms for "reasons essential to the national economy" or if the home government of the foreign firm applies discriminatory measures against Italian firms. There are industry sectors that are either closely regulated or prohibited outright to foreign investors, such as defense and aircraft manufacturing. An U.S. investment company has, nonetheless, purchased a majority share in Avio, an aerospace company formerly controlled by Fiat group. Finmeccanica, a large aerospace and defense holding company, 33 percent owned by the GOI, now has a minority share of Avio. Outside these sectors, there are no screening or blocking procedures directed solely at foreign investment. Italian anti-trust law (which applies to domestic and foreign investors) gives the government the right to review mergers and acquisitions over certain financial thresholds.

In conformity with EU Treaty Article 43, Italy provides national treatment to foreign investors except in a few instances. The exceptions include limits to access to government subsidies for the film industry, some additional capital requirements for banks from countries not in the European Union (EU), and restrictions on non-EU airlines operating domestic routes. Italy also maintains restrictions in shipping. Companies may bring in non-EU workers only after government-operated employment offices have certified that no unemployed Italian is available to carry out the expected duties.

Foreign investment flows into Italy are weak. Net foreign investment in 2003 totaled USD 15.0 billion (equal to 1.1 percent of GDP), well below that of France (USD 46.5 billion), Spain (USD 25.4 billion), but slightly above that in Germany (USD 12.7 billion). Italian direct investment abroad in 2003 totaled USD 7.0 billion (0.5 percent of GDP), down from USD 15.5 billion (1.4 percent of GDP) in 2002. Analyses and surveys routinely cite excessive bureaucracy, high and complex tax structure, inadequate infrastructure and a rigid labor market as disincentives for foreign investment in Italy. We would add retroactive changes to regulations and legislation, a slow and non-transparent justice system and organized crime.

Firms incorporated in EU countries may offer investment services in Italy without establishing a presence. U.S. and other firms from non-EU countries may operate based on authorization from Italian Companies and Stock Exchange Commission, the security oversight body (CONSOB, Italy's equivalent of SEC). CONSOB may deny such authorization to firms from countries that discriminate against Italian firms.

In the banking sector, privatizations and a wave of mergers and other alliances are reducing the formerly dominant role of the State. Authorization by the Bank of Italy, the country's central bank, is required to acquire more than five percent of a financial institution's capital (or to gain effective control of a financial institution, regardless of the amount of capital acquired). Non-bank companies (either Italian or foreign) may not acquire more than 15 percent of a bank's capital. Government authorization is required to offer life and property insurance and is usually based on reciprocal treatment for Italian insurers. Foreign insurance firms must prove that they have been active in life and property insurance for not less than ten years and must appoint a general agent domiciled in Italy.

There are some limits regarding foreign private ownership in banks. For instance, according to the banking law, a foreign institution seeking to increase its stake in a bank above five percent needs the authorization by the Bank of Italy, which often uses its authority to influence or forbid mergers.

Local practice and national legislation are used to restrict the expansion of modern, large-scale distribution units, such as chain stores, department stores, and large supermarkets. These subject applications for retail units above a certain merchandising floor area to a lengthy and cumbersome authorization process. The situation has improved recently.

Foreign investors are not prevented from investing in firms to be privatized, except in the defense sector. Privatization sales techniques have included private placement, worker shareholdings and management buy-outs and public stock offerings. Often the government establishes a "hard-core" group of shareholders who agree to keep their shares for a minimum period, say three years, or retain a "golden share" (modest government stake, but with controlling authority). The EU Commission has ruled against golden shares.

The Italian tax system does not discriminate between foreign and domestic investors. The Berlusconi government is implementing its ambitious ten-year effort to improve and expand the transportation system (both land and sea) and to renew Italy's dilapidated transportation infrastructure funded with domestic and foreign private capital, in addition to some European Union and central government funds.



RIGHT TO PRIVATE OWNERSHIP AND ESTABLISHMENT

Laws governing physical property are adequate and enforced.

There is no limitation in either the Italian constitution or Italian civil law on the right to private ownership and establishment. In general, there is competitive equality between the private and public sectors. For years, Italian government bonds absorbed a large share of available domestic investment, but this share has declined as interest rates on those bonds dropped in the run-up to European economic and monetary union. As an alternative, Italian investors have turned to stocks and corporate bonds, significantly increasing the Milan stock exchange's capitalization as a result. This trend stopped as a result of the losses registered from mid-2000 through end-May 2003, when the Milan stock exchange suffered a 49 percent drop. Private Italian investors have also been badly financially hurt by bankruptcies of Argentine, Cirio, Parmalat and other bonds, and are hesitant to risk further losses.

PROTECTION OF PROPERTY RIGHTS

Laws governing physical property are adequate and enforced. The legal system protects and facilitates acquisitions and disposition of all property rights, such as land, building, and mortgages

In August 2000 the Italian Parliament enacted the long-awaited "anti-piracy" law, providing for higher criminal penalties for copyright violations. Italy has since been moved from the U.S. Trade Representative's Special 301 IPR "Priority Watch List" to the "Watch List." According to American film, music and software industry representatives, law enforcement efforts against piracy have been improving over recent years. In August 2001 the GOI passed implementing regulations for the copyright anti-piracy law. In January 2003, these were revised to permit exemptions for business software from the SIAE sticker requirement. The revised regulations appear to generally satisfy U.S. industry. The United States Government continues to closely monitor developments in this area.

In recent years, the Italian Government has substantially increased enforcement actions against both video and software pirates, creating an Interministerial Anti-Piracy Committee, specialized training courses for Italy's three law enforcement agencies, and "pools" of prosecutors

specialized in administrative and civil cases involving intellectual property right in Milan, Rome, Naples and other major cities. However, further effort is needed to reduce the level of piracy, which remains unacceptably high.

Italy is a member of the Paris Union International Convention for the Protection of Industrial Property (patents and trademarks) to which the United States and about 85 other countries adhere. U.S. citizens generally receive national treatment in acquiring and maintaining patent and trademark protection in Italy. In addition, after filing a patent application in the United States, a U.S. citizen is entitled to a twelve-month period within which to file a corresponding application in Italy and receive the benefit in Italy of his or her first U.S. filing date (rights of priority). The priority right filing period for trademarks is six months.

Patent and trademark applications and inquiries should be addressed to:

Ministero dell'Industria, del Commercio, e dell'Artigianato
Ufficio Italiano Brevetti e Marchi
Via Molise, 19
00187 Rome, Italy

Applications and inquiries concerning copyrights should be addressed to:

Presidenza del Consiglio dei Ministri
Dipartimento per l'Informazione e per l'Editoria
Via Boncompagni, 15
00187 Rome, Italy

Laws Governing Intellectual Property Rights

Patents and Licensing: The principal laws governing patent protection are Royal Decrees No. 3731 of October 30, 1859, No. 1127 of June 29, 1939, and Presidential Decree No. 338 of June 19, 1979. Decree 338 amends the former Italian legislation and implements the European Patent Convention. To be patentable, an invention must be novel, that is, it cannot have been available to the public anywhere else before the date of the filing or of the priority claimed and non obvious, that is, if the differences between the subject matter to be patented and the prior art are such that the subject matter would have been obvious to an ordinarily skilled person.

Patents are granted for 20 years from the effective filing date of application. They are assignable and transferable. A patent can be subject to compulsory licensing if not worked within 3 years from date of grant or four years from the filing date of application, whichever is later. In accordance with Italy's Uruguay Round implementing statute (Law 747 of December 29, 1994) and the implementing decree enacted on March 19, 1996, the Italian law was amended so that the introduction or sale in Italy of items manufactured in foreign countries belonging to the World Trade Organization constitutes working of the invention.

Licensing and technical assistance agreements with foreign firms are encouraged by the government. The foreign exchange necessary to effect payment abroad (including the United States) of bona fide royalties and/or technical assistance fees can be obtained simply upon application to the Italian Exchange Office through a bank. Applicants are required to produce the original contract with the foreign concern and to submit a certified copy of such a contract. A certificate confirming the validity of the patent should also be submitted in the event that the contract provides for the use of patents.

Annual taxes must be paid during the period an Italian patent is in force. These taxes are progressive and range from euro .52 for the first year to euro 18.08 for the 15th year.

Trademarks: The principal trademark registration laws are Royal Decree No. 929 of June 21,

1942. Some types of terms may not be registered as trademarks, such as those deemed generic, those containing false indications of quality or origin of goods, and those with similar terms already registered by others in Italy or for which applications are pending. For some goods, geographic names may not be used in trademarks nor can the portraits of persons be registered without their consent.

Trademark applications are examined for acceptability of their format and consistency with the laws. If an application is in order, the mark will be registered. The first applicant is entitled to registration. However, any other person who claims to be the first user of the mark in Italy can have the prior registration cancelled, provided the claim can be proven. No claim of prior use can be made after the registered mark is 5 years old.

Trademarks are registered for 20 years from the effective application filing date and are renewable for similar periods. Failure to use a mark within three years after its registration can result in cancellation. Trademarks may be assigned to other users provided such action does not involve deceptive trade practices.

For administrative purposes, trademark products are classified under 42 groups (1-34 for products and 35-42 for services). Applications must indicate the appropriate classification.

Copyrights: Both Italy and the United States are signatories of the Universal Copyright Convention, which provides for mutual copyright protection. In Italy, copyrights are protected by Law No. 633 of April 22, 1941 and Decree Law No. 82 of August 23, 1946. Executive recognition in the form of copyright protection to the author is accorded intellectual creations pertaining to science, literature, music, decorative arts, architecture, the theater, and motion pictures.

The following additional legislation relating to the protection of copyright was subsequently issued: Illegal duplication of phonographic material (No. 406 7/29/81); Illegal duplication and transmission of cinematographic film works (No. 400 7/20/85); Illegal duplication of software (No. 518 12/20/92 - enacting EU Directive 91/250) – criminal sanctions for software piracy were subsequently increased by legislative decree in April 1996; Rental and neighboring rights related to intellectual property (No. 685 11/16/94 - enacting EU rental rights directive and outlawing unauthorized “bootleg” recordings of live performances).

Further detailed information on procedures regarding patent, trademark, and copyright protection in Italy should be obtained from competent legal counsel.

EU Initiatives on Intellectual Property Rights (IPR) Protection

Italy is also a signatory to the European Patent Convention, which provides for a centralized European-wide patent protection system (Italy has not yet ratified the convention). The European Patents Act of 1977 provides increased legal protection, a patents court, and guidelines for compensation of an inventor. Under the European Convention, an applicant for a patent is to be granted a pre-examined 15-year, non-renewable European patent that has the effect of a national patent in all 16 countries that are signatories of the convention, based on a single application to the European Patent Office. This procedure should expedite the granting of patents. However, infringement proceedings remain within the jurisdiction of the national courts, which could result in some divergent interpretations. Further information may be obtained from the European Patent Office, Motorama-Haus, Rosenheimer Strasse 30, Munich, Germany.

The EU commission is attempting to harmonize copyright protection in several areas and views continued progress as a key part of its programs for the internal market. The software directive, approved by the European Council in 1991, entered into force on January 1, 1993. Seven member states including Italy have transposed the directive into national legislation. The

directive on rental and lending rights, approved by the Council in 1992, was implemented in Italy in late 1994 (see above).

In September 1993, the Council adopted a directive on the harmonization of copyright laws in satellite broadcasting and cable retransmission (EU Directive 93/83). This measure allows satellite broadcasters to clear in their country of origin full copyright responsibility for their entire footprint throughout Europe. In an attempt to overcome the significant divergences among the member states in this area of IPR protection, in October 1993, the Council adopted the directive on the harmonization of the duration of copyright and of certain related rights (EU Directive 93/98). It provides for the term of copyright to be harmonized for a period of 70 years after the author's death. For related rights, it harmonizes the term of protection at 50 years from the date of production. Italian Decree Law 544 of June 1995 and Law 52 of February 1996 implemented these two directives.

FOREIGN TRADE ZONES / FREE PORTS

There are two free trade zones in Italy, located in Trieste and Venice, both in the northeast. Goods of foreign origin may be brought in without payment of taxes or duties, as long as the material is to be used in the production or assembly of a product that will be exported. The free-trade zone law also allows a company, of any nationality, to employ workers of the same nationality under that country's labor laws and social security systems.

Benefits of a free-trade zone include:

- customs duties deferred for 180 days from the time that the goods leave the free trade zone to enter another EU country;
- the goods may undergo transformation free of any customs restraints;
- absolute exemption from any duties on products coming from a third country.

MAJOR TAXATION ISSUES AFFECTING U.S. BUSINESS

The Italy-U.S. tax treaty contains provisions to avoid the double taxation of income for firms with operations in both countries. Royalties from patents and like properties are exempt from tax withholding under the treaty. They are freely remittable, subject to documentation requirements. In late 1999, Italian and U.S. tax authorities initialed a new tax treaty entitled to replace the old treaty. The new treaty covers royalties and a new Italian tax, called IRAP or regional tax of productive activities. Since the U.S. Congress and Italian Parliament have not yet ratified it, its provisions are not in force.

PERFORMANCE REQUIREMENTS/INCENTIVES

The GOI is in compliance with WTO Trade-Related Investment Measures (TRIMS) obligations. Investors do not face performance requirements specifically directed at foreigners. In the telecommunications sector, however, many new entrants are subject to performance requirements and must post a performance bond to receive a license to operate. The EU has challenged some of Italy's performance criteria for telecom licenses. The Italian government offers incentives designed to encourage private sector investment, by both Italian and foreign firms, in depressed areas, particularly in the underdeveloped or south of Italy. Foreign investors (U.S. and other foreign firms) are able to participate in government research and development programs based on reciprocal treatment for Italian firms. There are no discriminatory requirements (such as excessively onerous visa, residence and work permit requirements) inhibiting foreign investors mobility.

TRANSPARENCY OF THE REGULATORY SYSTEM

Italy is subject to single market directives mandated by the European Union, which are intended to harmonize many regulatory structures across EU countries. This includes the mutual recognition agreements negotiated between the EU and the U.S. The EU directives are intended to benefit EU member countries by creating a non-discriminatory, less restrictive trade regime. The directives are expected to yield significant benefits to non-EU trading partners (such as the U.S.) as well. Harmonization of standards relating to labeling, content, production, safety, etc., is aimed to reduce development costs and contribute to economies of scale for companies that wish to operate in Italy.

Several EU directives deal with the issue of transparency in public sector contracts and subcontracts. The process of incorporating these directives into Italian law has focused new public attention on public works corruption scandals that rocked the Italian political world in the early 1990s.

Current tax, labor, environment, health and safety regulations might discourage foreign investors.

CORRUPTION

On June 8, 2001, Italy passed law 231/2001, which amends the Italian criminal code and implements the OECD Anti Bribery Convention. The law went into effect on June 19, 2001, upon its publication in the official register. Italy, like the U.S., is a signatory to the 1997 OECD Convention on Combating Bribery that was ratified in September 2000 (law 300/2000).

According to a 2001 study by Transparency International, the level of corruption in Italy is the highest among the G7 countries, but the situation had improved considerably from 2000. The study mentioned the ratification of the OECD Anti Bribery Convention and other transparency measures approved at local level. The wide-ranging "Bribesville" domestic corruption scandals of the early 1990s led to a wholesale reform of the Italian political structure, and sharp cutbacks in public works programs, which had been the source for kickbacks. Previous studies done by other organizations, such as the International Monetary Fund, cited the weight of bureaucracy, confusing regulations, the financing of political parties and the low level of civil servants' wages as factors fostering corruption.

A number of national and local political leaders have faced corruption charges and investigations. Former PM Craxi, convicted of corruption in absentia, died as a fugitive from justice in Tunisia. The Prime Minister himself, Silvio Berlusconi, has been accused of involvement in several corruption cases. Over the years, he has had convictions overturned and has been acquitted. One domestic case and one international case are still pending.

There is no record of indictments in cases involving bribery of foreign government officials. Law enforcement officials are, however, investigating at least one suspected case of bribery of foreign government officials by an Italian company.

Corruption is punishable under Italian law. As in all judicial processes, much discretion regarding punishment is left to the presiding judge in the case. Most corruption in the recent past has involved government procurement or bribes to tax authorities. Surveys of the business community in Italy routinely identify such domestic corruption as a disincentive to investing or doing business, particularly in the South and some other areas of Italy.

Italian law does not allow tax deductibility of bribes paid to foreign officials. While there is no such explicit provision in the tax, Italian law does not consider such payments legitimate business expenses.

In cases of suspected bribery, the prosecutor conducts an investigation with the aid of police investigators, including the financial police, national police and Carabinieri. Each of the police forces is authorized to investigate bribery, but the Guardia di Finanza (financial police), a law enforcement entity responsible for customs and financial crimes, is the principal government authority for combating domestic financial corruption. The national police have the specific mandate to investigate "crimes against public administration." The Carabinieri, a branch of the Armed Forces that has responsibility for certain civilian law enforcement functions throughout the country, also play a key role. We are not aware that police forces have received any additional training or resources as a result of the conventions' implementation.

A very active office of Transparency International (TI) operates in Italy and followed closely the ratification and the implementation of the OECD Anti Bribery Convention and other potential concerns. At the moment, TI is following the legislative decree no. 61, of April 11, 2002, which would de-criminalize "false accounting" below five percent of the company's profits or one percent of a company's assets. TI officials argue that bribes can be hidden under false accounting methods and are concerned that this law would, provide loopholes for Convention violations.

LABOR

Unemployment in Italy is high, but only slightly above the average of the EMU zone of 8.8 percent, based on May 2003 data. According to April 2003 data, Italy's unemployment rate was 8.9 percent nationwide, the lowest level since 1992.

Traditional regional disparities remain unchanged, with the southern third of the country showing 18.4 percent unemployment (based on April 2003 statistics), compared to 3.7 percent in the northern third of the country and 6.6 percent in central Italy. Southern Italian unemployment is much higher in certain regions such as Calabria (25.1 percent), Campania (21.2 percent) and Sicily (20.8 percent) and therefore well above the euro zone average.

The North's shortage of labor has led to higher national levels of employment of unskilled and semi-skilled immigrants. Youth (fifteen to twenty-four years of age) and female unemployment continue to be significantly higher in all categories. In April 2003 youth unemployment rate was 26.7 per cent nationwide, but 49.3 percent in the south, while female unemployment rate was 12.0 percent nationwide and 26.5 percent in the south. Traditionally the highest rate is that for youth female unemployment rate in the south, which reached an all-time high level of 58.5 percent.

There is a skilled labor pool in the North, where industries and services are more developed. In some areas of the North, labor shortages exist in engineering, nursing, information technologies, marketing, agriculture and for skilled manual workers. The South, where agriculture and the underground economy are more widespread, has an abundance of unskilled labor and well-educated young people who tend not to leave their regions to find a job. Immigrant workers are employed for seasonal harvesting, as well as construction, nursing, and lower-paying, services and unskilled jobs that no longer attract sufficient numbers of Italian workers. Despite low unemployment in the North, movement of workers from high unemployment areas is limited. The higher cost of living in northern cities (relative to the South), along with financial support from families and the availability of informal sector jobs, account at least in part for this anomaly.

To encourage firms now operating in the underground economy to become legal entities, the GOI enacted legislation in November 2001 granting three years of tax incentives for such employers, with similar incentives for their employees. (The underground economy is estimated to amount to about 27 percent of GDP.) The tax incentives, approved as part of the Italian government's so-called 100-day package, expired November 30, 2002. The

package had limited success. As of late May 2003, only 159 employers and 500 workers had reportedly come forward.

The Italian labor market is becoming somewhat more flexible. Legislative and regulatory changes in 1997, 1998, 1999 and 2003 encouraged the hiring of part-time employees by reducing employer social security contributions for these workers. Legislation decentralizing the public employment service was enacted, and private employment agencies will be allowed to operate. These changes opened the way for the hiring of temporary workers whose scope of activity is substantial, although not as great as in other countries having experience with this type of employment.

Plans for more government investment in underdeveloped areas (especially incentives for companies' investments) are likely to be restricted by Italy's need to restrain government spending to remain within European monetary union spending guidelines.

Wages and salaries represent slightly more than half the cost of labor to management. Indirect pay (annual leave, holidays, bonuses, seniority allowances, severance pay) and social security contributions can account for up to 45 percent of gross salary. Italian law provides workers with substantial legal protection against dismissal for other than economic reasons, imposing complex and costly consequences for employers.

Although strikes are common in some industries - and especially in public transport - labor relations in Italy generally have been good. However, government initiatives to enact labor law reforms provoked extensive trade union opposition including, on April 16, 2002, an 8-hour general strike. Union displeasure centered on a Government proposal to modify Article 18 of the Workers' Statute, a measure enacted in May 1970 based on prior union-employer agreement. Government officials held that Article 18 acts as an employment barrier, as it prohibits firms with more than 15 employees from firing workers without "just cause" as determined by labor courts (and thereby dissuades small firms from expanding over this threshold). The unions, for whom the Workers' Statute represents a worker's "Bill of Rights," reject this argument and view Government efforts to change the law as an assault they resolutely oppose.

Most Italian unions are grouped in four major national confederations: The General Italian Confederation of Labor - CGIL; the Italian Confederation of Workers' Unions - CISL; the Italian Union of Labor - UIL; and the General Union of Labor - UGL. The first three organizations are affiliated with the International Confederation of Free Trade Unions (ICFTU), while the UGL has been associated with the World Confederation of Labor (WCL). The confederations negotiate national level collective bargaining agreements with the employer associations, which in effect are binding on all employers in a sector or industry. As the result of a July 1993 tripartite agreement that also involved employer groups, the confederations accepted wage moderation and, through a process known as *concertazione* (consensus formation), became active participants with government in forming economic and social policy. The spirit of this agreement has not been honored by any of the parties under the current administration.

EFFICIENT CAPITAL MARKETS AND PORTFOLIO INVESTMENT

Financial resources flow relatively freely in Italian financial markets, and credit is allocated on market terms. Foreign participation in Italian markets is not restricted. Capitalization on the Italian stock market is small relative to that of other G-7 countries. Activity on the stock market increased dramatically in 1999 and 2000, followed by a deceleration in 2001 and 2002. The market is technologically modern and efficiently administered. The Italian government bond market, among the world's largest, is predominantly an electronic screen-based market, and is also administered efficiently.

The Italian banking system used to be highly fragmented and was generally regarded as quite inefficient, with high operating costs and excessive dependence on interest rate spreads for income. The process of restructuring and modernization mandated by the Central Bank and the privatization process of the second half of the 1990s improved the efficiency of the Italian banking sector somewhat. As a result of mergers in the second half of the 1990s, the top five Italian banks control 54 percent of total assets (36 percent in 1995), in line with other European countries like France and Spain, but more concentrated than that in Germany and in the United States.

Improved efficiency and credit management reduced the ratio between new uncollectable loans to total credit from 2.5 percent in the mid-1990s to one percent in 2001. This increased efficiency reverberated positively in the rates of international rating institutions. Government ownership of financial institutions, once common, has almost disappeared. The return on equity system wide improved substantially, but is still below the European average. ABI, Italy's banking association, reports that the average tax rate of 53 percent, compared to a 37 percent EU average, hurts Italian banks' profitability.

There are percentage limits on cross-shareholding among banks and between banks and non-bank companies. Complex cross-shareholding has been used to fight off takeover attempts in the financial sector, but this has not been directed at takeovers by foreign companies.

CONVERSION AND TRANSFER POLICIES

In conformance with EU directives, Italy has no foreign exchange controls. There are no special exchange rates, and currency transfers are freely permitted. There are no restrictions on repatriation of capital, earnings, remittances of profits, debt service, capital, capital gains, returns on intellectual property, imported issues or on payments to foreign creditors.

Italians are free to undertake financial transactions abroad, including direct investments and purchases and sales of foreign securities, real estate and loans. Regulations formerly prohibiting residents from entering or leaving the country with bearer securities worth more than 10,329 euro (about \$9,500) have been lifted. Residents may freely hold foreign exchange and euro in any form in Italy and abroad. Banks and authorized intermediaries must submit data on any foreign exchange transaction exceeding 10,329 euro to the foreign exchange office of the Bank of Italy.

Italy's participation in the Euro has simplified trade for those companies exporting to several EU countries. It also has created opportunities for U.S. companies with technologies and services that can assist Italian firms to compete in the more integrated European market. However, these changes also are expected to benefit European competitors who are increasing their presence in the Italian market through mergers and joint ventures with Italian firms. U.S. companies, already well known for innovation, will have to continue to emphasize the quality of their products, as well as focus on price and service, to maintain or improve their market share.

EXPROPRIATION AND COMPENSATION

The Italian constitution permits expropriation of private property for "public purposes". Compensation is guaranteed and must adequately compensate the legitimate proprietor for losses. Lenders are not covered by the same constitutional guarantee as proprietors. The constitution also authorizes the nationalization of enterprises, which provide essential public services or are indispensable to the national economy. There are a few longstanding disputes in Italy involving U.S. citizens who assert that municipal governments unjustly expropriated their real property or inadequately compensated them. However, this does not reflect any

GOI discrimination against U.S. investments, companies or representatives in any specific sector of activity.

DISPUTE SETTLEMENT

U.S. investors in Italy have a choice in selecting a means of dispute resolution, which should be specifically set forth in the contract. Given the slowness of the Italian judicial system (normally at least five years for trial in a civil matter plus many more years for two automatic appeals), investors are advised to choose arbitration, which can be Italian or international.

Though extremely slow, the Italian legal system is consistent with generally recognized principles of international law and there are provisions for enforcing property and contractual rights. Italian judges are very politically oriented, compared to U.S. standards. Judgments of foreign courts are accepted and enforced by Italian courts only upon request. Italy has a written and consistently applied commercial law and bankruptcy law. Italy's bankruptcy law safeguards the creditors that are satisfied pro-quota. Monetary judgments are usually made in local currency (Euro).

Italy, like all the other members of the EU, is a member of the World's Bank International Center for the Settlement of Investment Disputes (ICSID).



POLITICAL VIOLENCE

Political violence is considered a low threat to foreign investments in Italy.

BILATERAL INVESTMENT AGREEMENTS

Italy has bilateral investment agreements with the following countries:

Albania
Algeria
Angola (Signed but not in force yet)
Argentina
Armenia (Ratified by the Italian Parliament with law 232/02)
Azerbaijan
Bangladesh
Barbados
Belarus
Bolivia
Bosnia-Herzegovina (Ratified by the Italian Parliament with law 177/02)
Brazil (Signed but not in force yet)
Bulgaria
Cameroon (Ratified by the Italian Parliament with law 20/03)
Cape Verde (Ratified by the Italian Parliament with law 529/99)
Congo, Rep of
Chile
China
Croatia
Cuba
Czech Republic
Egypt
Eritrea (Ratified by the Italian Parliament with law 103/01)
Estonia

Ethiopia
Gabon (Signed but not in force yet)
Georgia
Ghana (Signed but not in force yet)
Hong Kong
Hungary
Indonesia
India
Iran (Ratified by the Italian Parliament with law 171/02)
Jamaica
Jordan
Kazakhstan
Kenya
Kuwait
Lebanon
Latvia
Lithuania
Macedonia
Malaysia
Malta
Moldavia (Ratified by the Italian Parliament with law 148/01)
Mexico (Ratified by the Italian Parliament with law 48/02)
Morocco
Mongolia
Mozambique (Approved by the Italian Parliament)
Nigeria (Under discussion in the Parliament)
Oman
Pakistan (Ratified by the Italian Parliament with law 116/01)
Paraguay (Approved by the Italian Parliament)
Peru
Philippines
Poland
Qatar ((Under discussion in the Parliament)
Romania
Russia
Saudi Arabia
Syria ((Under discussion in the Parliament)
Slovak Republic
South Korea
Sri Lanka
South Africa
Tunisia
Turkey (Under discussion in the Parliament)
Uganda
Ukraine
United Arab Emirates
Uruguay
Uzbekistan
Venezuela (Signed but not in force yet)
Vietnam
Zambia (Signed but not in force yet)
Zimbabwe (Ratified by the Italian Parliament with law 112/01)

The 1948 U.S.-Italy Friendship, Commerce and Navigation Treaty contains provisions that may protect U.S. investment in Italy. Generally, existing bilateral investment accords create favorable conditions and guarantees for capital investment. They include reciprocal

guarantees of equal treatment vis-a-vis domestic firms and most-favored-nation status vis-a-vis third countries, assurances against expropriation without fair market compensation, and indemnities against losses suffered during war or revolution. Agreements also include statements allowing for the free transfer of returns, royalties and funds to maintain investments. They usually detail the procedures under which disputes would be arbitrated.

OPIC AND OTHER INVESTMENT INSURANCE PROGRAMS

The U.S. Overseas Private Investment Corporation (OPIC) does not operate in Italy. However, in March 2003, OPIC signed a Memorandum of Understanding with SIMEST (Società Italiana per le Imprese all'Estero), its Italian counterpart, to expand cooperation in a number of areas, particularly on projects in third countries. Italy is a member of the Multilateral Investment Guarantee Agency (MIGA).

CAPITAL OUTFLOW POLICY

In conformance with EU directives, Italy has no foreign exchange controls. There are no special exchange rates and currency transfers are freely permitted. There are no restrictions on repatriation of capital and earnings, or on payments to foreign creditors.

MAJOR FOREIGN INVESTORS

Italy has for several years been a net exporter of foreign investment. According to Italian Statistics provided by the Central Bank, net foreign investment in 2002 totaled \$14.3 billion (equal to 1.2 percent of GDP), well below that of France (3.4 percent), Spain (3.2 percent) and Germany (1.9 percent). Italian direct investment abroad in 2002 totaled \$15.5 billion (1.4 percent of GDP), down from \$21.2 billion (1.9 percent of GDP) in 2001.

Foreign investment flows into Italy are weak. Analyses and surveys routinely cite excessive bureaucracy, inadequate infrastructure and a rigid labor market as disincentives for foreign investment in Italy. In addition, retroactive changes to regulations and legislation, a slow justice system and concern about organized crime often serve as disincentives.

The services sector remained the largest recipient of inflows at \$8.8 billion, up from \$8.1 billion registered in 2001. Investment in banking and insurance led the list, accounting for almost a half of the overall investment in services. Investment inflows in industrial activity increased to \$4.9 billion in 2002. A key area of foreign industrial investment in Italy is the machine sector.

The Bank of Italy estimates that the stock of total foreign direct investment in Italy at the end of 2001 was \$121.2 billion, or 9.2 percent of GDP, of which U.S. investment amounted to \$15.4 billion, 12.7 percent of total. The stock of total Italian direct investment abroad was \$169.7 billion (12.9 percent of GDP). Italian investment in the U.S. was valued by the Bank of Italy at \$17.4 billion (10.2 percent of total Italian direct investment overseas).

According to Bank data, at the end of 2003, US and Switzerland had the largest stock of foreign direct investment in Italy of non-EU countries (respectively 11.8 and 11.2 percent of the total). EU countries as a whole account for 69.0 percent of foreign investment, with Netherlands, U.K., France, U.K. and Luxembourg the principal sources. Although Japan is an investor in Italy, both Italian investments in Japan and Japanese investment in Italy are modest: 1.8 percent and 0.5 percent of the respective totals.

Except for Sweden, France, and Germany, Italy's European Union partners are net recipients

of Italian investment. Among non-EU countries, the largest recipients of Italian investment are the United States, Brazil and Argentina.

At the end of 2002, about two-thirds of U.S. investment in Italy was in industry and one-third was in services. The chemical sector has the largest share of U.S. industrial investment with \$2.5 billion. The largest portion of service sector investment was in banking and insurance with \$2.9 billion.

Many well-known major multinationals, both U.S. and foreign, have a presence in Italy. General Electric, IBM, AT&T, Boeing, Pfizer, EDS, and McDonald's are just a few of the American companies with sizeable investments in Italy.

Slightly above 50 percent of Italy's \$22.2 billion direct investment in the U.S. at the end of 2002 was in the services sector, with the remainder in industry (39 percent) and energy (10 percent). The value of direct investment in banking and insurance activities was \$5.2 billion. The top category among industrial investments was mechanical products, and the level of investment increased from \$2.8 billion in 2001 to \$3.3 billion in 2002.

ITALIAN GOVERNMENT CONTACTS FOR INVESTMENT-RELATED ACTIVITIES

For information on foreign investment in Italy, contact Sviluppo Italia, a government body with offices in the U.S. and other countries, or the Italian Trade Commission in Rome as follows:

Istituto Nazionale del Commercio Estero
Area Cooperazione Investimenti e Rapporti con la UE e con OMC
Via Liszt, 21
00144 Roma EUR
Tel.: +39-06-5992-9381
Fax: +39-06-5992-6002/+39-06-5422-0007/+39-06-5421-8275

Sviluppo Italia
Via Calabria, 46
00187 Roma
Tel.: +39-06-421-1601
Fax: +39-06-4216-0816
Call center: +39 848-886-886
info@sviluppoitalia.it
www.sviluppoitalia.it; <http://www.opportunitalia.it>

Italian foreign trade and foreign affairs structures were reshaped in 2001. The Foreign Trade Ministry was incorporated in the Productive Activities Ministry. This move also involved the Foreign Trade Institute (ICE), the Foreign Trade Insurance Services Agency (SACE), and SIMEST (Societa' Italiana per le Imprese all'Estero). Former Prime Minister Prodi's creation, Sviluppo Italia, created to develop business in Italy's South, will disappear. Plans are for the MFA to coordinate with and help Italy's southern regions become competitive on an international level. The MFA will enhance its Bureau for Multilateral Economic Affairs and its Bureau for European Integration for that purpose.

(See also Section VIII "Availability of Project Financing".)

Chapter 8. TRADE AND PROJECT FINANCING

DESCRIPTION OF THE BANKING SYSTEM

There are numerous banking offices located throughout the country, with some 830 banks and 29,270 branches performing commercial services at the end of 2001. Among the most important are Intesa-Bci, San Paolo-IMI, Banca di Roma, Unicredito Italiano, and Banca Nazionale del Lavoro. These banks are a principal source of credit information. The banking sector is undergoing consolidation involving mergers and acquisitions among the major banks. This process is expected to continue over the next several years as the Italian banking sector seeks to become more competitive in the European market.

Several U.S. banks perform services in Italy, through branches, subsidiaries, or representatives. Many American banks can also provide their commercial customers with bank reports on overseas buyers, provide assistance for letters of credit, and also foreign exchange. U.S. banks with offices in Italy include Chase, Citibank, Morgan Guaranty Trust, Bank of New York, and Bank of America. There are also numerous smaller, regional banks.

Banks in Italy that have the authority to participate in foreign exchange usually have a U.S. correspondent. Foreign currency transfers and foreign exchange transactions must be channeled via authorized intermediaries (for example, the Bank of Italy or the Italian Foreign Exchange Office). The larger Italian banks usually have branches in one or more U.S. cities.

The Bank of Italy, Italy's central bank, is widely respected both nationally and internationally as a non-political overseer of the Italian economy, responsible for controlling inflation and balance of payments pressures.

FOREIGN EXCHANGE CONTROLS AFFECTING TRADING

Italy has no restrictions on the amount of foreign exchange instruments, currency, or checks that may be brought into the country. Normally, Euro 10,000 may be taken out of the country, but any amount declared upon entry, may be re-exported.

Italian exchange regulations are issued under authority of the Ministry of Foreign Trade by the Italian Exchange Office (Ufficio Italiano dei Cambi--UIC), Via Quattro Fontane 123, Rome 00184, Italy. Foreign currency may be sold or acquired from the Bank of Italy or any of the banks authorized by the Bank of Italy. In effect, all commercial banks are authorized to conduct foreign exchange transactions.

Dollar currency, travelers checks, and, in some cases, personal checks, may be exchanged at banks, exchange offices, authorized tourist offices, and hotels. Major credit cards are accepted with proper identification. It is best to first confirm what form of payment is accepted.

GENERAL AVAILABILITY OF FINANCING

Italy has a well-developed banking and credit system with numerous correspondent U.S. banks. Italian banks are subject to close government supervision, and the Bank of Italy must authorize the establishment of any new bank.

Until 1993, the Italian banking system was divided into two categories, differentiated by length of lending authorized. The Single Banking Law passed in 1993 abolished this division, effectively allowing all Italian banks to lend at any maturity. Due to this historical legacy, those institutions that focused on longer-term lending remain at the forefront for this type of finance. Short-term

business and trade finance is available from a wide range of Italian and U.S. banks.

U.S. firms desiring to finance major portions of their capital investment outside the United States may find capital available in the Eurodollar market. U.S. bank branches in Italy can assist in financing capital investment.

HOW TO FINANCE EXPORTS / METHODS OF PAYMENT

When providing the Italian buyer with a price quote, American firms most frequently provide a quote that includes packing costs, insurance, and freight. This is called the c.i.f. price. The average Italian business representative can then usually determine the charges for customs, taxes, and local transportation to arrive at the final landed cost to importer. The customary terms of sale in Italy are either cash or net. Sales made on cash terms call for payment before delivery, on delivery, or shortly after delivery -- usually within 10 days from the date of delivery. A 2 to 5 percent discount is made for payment of the full amount of the transaction at the end of the specified period from 1 to 4 months from the date of the invoice. The length of the period depends on the commodity involved, the credit standing of the buyer, and the motivation of the seller. A period of up to 2 years is often allowed for payment of capital goods, store equipment, trucks, and similar heavy equipment.

Italian firms believe that some American suppliers are too rigid in their payment terms and have thus lost business to other suppliers. Financing is considered as much a competitive factor as the product itself, the delivery date, or after-sales service. While some U.S. manufacturers request payment upon receipt of the goods, it can be a competitive tool to offer terms allowing settlement of the account from 60 to 120 days following receipt of the order.

The use of irrevocable letters of credit for the Italian market has declined appreciably in recent years. Although such instruments are still required by American exporters, especially when the Italian customer's credit reputation is not well known, the growing reluctance of Italian firms to provide letters of credit has required American exporters to utilize other methods to assure payment or lose the sale to other suppliers in the competitive Italian market. The Italian businessperson is reluctant to pay a high fee for a letter of credit when other suppliers or means of payment are available. American firms have put to greater use the export credit insurance and guarantee programs available through the Foreign Credit Insurance Association (FCIA).

Just as the terms of any sales offer should be presented in a clear and detailed manner, shipments should conform to the contract and to any samples that may have been sent to the Italian importer. Special attention should be given to the prompt observance of agreed delivery schedules, as prompt delivery may be a decisive and possibly an overriding consideration of the importer in placing additional orders. When shipping on letter of credit, all terms specified on the letter of credit must be strictly observed. If the terms are not followed, the letter of credit may not be honored by the bank.

EXPORT FINANCING AND INSURANCE

As a member of the G-7, Italy as a market for U.S. exporters does not warrant any special USG credit assistance. The network of Italian banks with branches in the U.S. will offer limited export credit assistance. Similarly, large U.S. banks and/or local banks located in the exporter's state can offer factoring; exchange fluctuation hedging and limited exporter's credit services. The Export-Import Bank of the United States (Exim Bank) and FCIA consider Italy a low political risk country. Italy is classified as a "rich" country under the OECD rate classification. Small business exporters may obtain assistance under the SBA's Export Revolving Line of Credit (ELRC) loan program.

AVAILABILITY OF PROJECT FINANCING

The Italian government has for decades promoted development in poorer parts of the country, particularly the south, through incentives such as tax reductions and financial assistance for private investment projects. A number of American companies have taken advantage of these incentives over the years to establish facilities in Italy. The government is trying to create a "one office" concept so that potential investors have one place to go for all the information and permits they may require. At present, however, a company seeking information on these incentives should inquire at all of the following agencies:

1. Istituto per la Promozione Industriale, IPI
Viale Maresciallo Pilsudski 124
00197 Rome, Italy
Tel.: +39-06-8097-21
Fax: +39-06-8072-898
info@ipi.it
www.ipi.it
2. Ministero delle Attività Produttive
(Ministry of Productive Activities)
Direzione Generale per il Coordinamento degli Incentivi alle Imprese, DGCII
(Directorate for Coordination of Enterprise Incentives)
Via del Giorgione, 2/B
00147 Roma
Tel.: +39-06-5401-633
Fax: +39-06-5960-1226
www.minindustria.it
segreteria.pasca@minindustria.it
Prof. Roberto Pasca di Magliano, Dir. Gen.
roberto.pasca@minindustria.it
3. Sviluppo Italia S.p.A.
The National Agency for the development of enterprise and investment development
Via Calabria 46
00187 Rome, Italy
Tel.: +39-06-421601
www.opportunitalia.it
info@sviluppoitalia.it
Ing. Massimo Caputi, Man. Dir.
4. Ministero dell'Economia e delle Finanze
(Ministry of the Economy and Finance)
Dipartimento del Tesoro
(Department of the Treasury)
Via Venti Settembre 97
00187 Roma
Tel.: +39-06-47611
Fax: +39-06-4745-327
Contact: Prof. Domenico Siniscalco, Dir. Gen.
www.tesoro.it

LIST OF BANKS WITH CORRESPONDENT U.S. BANKING ARRANGEMENTS

A large number of Italian banks have correspondence relationships with U.S. banks. Below is a listing of Italian banks with branch offices in the U.S.

Sanpaolo IMI S.p.A.

Piazza San Carlo 156

10121 Torino

Tel.: +39-011-5551

www.sanpaoloimi.com

info@sanpaoloimi.com

CEO Area Americas

C/o New York Branch

245 Park Avenue, Suite 3500

New York, NY 10167

Tel.: (212) 692-3010

Fax: (212) 692-3046

persico@sanpaolony.com

Carlo Persico, Manager

444 South Flower Street

23rd Floor

Suite 2360

Los Angeles, CA 90071

Tel.: (213) 489-3100

Fax: (213) 622-2514

spimila@qwest.net

Donald Brown, Manager

245 Park Avenue, Suite 3500

New York, NY 10167

Tel.: (212) 692-3000

Fax: (212) 599-5303/599-5304

newyork.us@sanpaoloimi.com

carducci@sanpaolony.com

Renato Carducci, Manager

Banca di Roma

Viale Umberto Tupini 180

00144 Roma

Tel.: +39-06-54451

www.bancaroma.it

webmaster@bancaroma.it

34 East 51st Street

New York, NY 10022

Tel.: (212) 407-1600/407-1707/407-1746/407-1780

Fax: (212) 407-1677/407-1740/407-1786

Bdrny@earthlink.net

225 West Washington Street, Suite 1200

Chicago, IL 60606

P.O. Box 7878 (or 6370) CHI.ILL. 60680

Tel.: (312) 704-5600

Fax: (312) 726-3058

Bdrchicago@aol.com
Bdrchib@aol.com

One Market Steuart Tower, Suite 1000
San Francisco, CA 94105
Tel.: (415) 357-0800/ 977-7301
Fax: (415) 357-9869
Bdrsf@opticemail.com

Banca Intesa S.p.A.

(The integration between Cariplo and Banco Ambrosiano Veneto (1998), the aggregation of Cassa di Risparmio di Parma e Piacenza and Banca Popolare FriulAdria (1999) and the subsequent merger with Banca Commerciale Italiana (2001) were key developments that made IntesaBci the top Italian banking group.)

Via Monte di Piet  8
20121 Milano
Tel.: +39-02-879-11
www.bancaintesa.it
info@bancaintesa.it

One William St.
New York, NY 10004
Tel.: (212) 607-3500
Fax: (212) 809-2124
Contact: Claudio Marchiori, Direttore

Banca Nazionale del Lavoro BNL S.p.A.

Via Vittorio Veneto 119
00187 Roma
Tel.: +39-06-470-21
Fax: +39-06-7402-7250
www.bnl.it
redazionebnl@bnlmail.com

25, West 51st Street
New York, NY 10019
Tel.: (212) 581-0710
Fax: (212) 489-9088
comdiv@bnlly.com

Xerox Centre
55, West Monroe Street, Suite 3490
Chicago, IL 60603
Tel.: (312) 444-9250/ 444-9251/ 444-9252/ 444-9253/ 444-9254
Fax: (312) 444-9410
bnlchicago@bnlly.com

Sanpaolo Banco di Napoli S.p.A.

Via Toledo 177/178
80132 Naples
Tel.: +39-081-791-1111
Fax: +39-081-580-1343
www.bancodinapoli.com
info.bdn@sanpaoloimi.com

Banco di Sicilia S.p.A.

Via Ruggero Settimo 1
90141 Palermo
Tel.: +39-091-608-1111
Fax: +39-091-608-3222
www.bancodisicilia.it
sicilbanco@bancodisicilia.it

UniCredito Italiano S.p.A.

Direzione Centrale
Piazza Cordusio 2
20123 Milano
Tel.: +39-02-886-211
www.unicredito.it
info@unicredit.it

375 Park Avenue
New York, NY 10152
Tel.: (212) 546-9600
Fax: (212) 546-9675
newyorkbranch@gruppocredit.it

Ufficio di Rappresentanza
Two Prudential Plaza
180 North Stetson Avenue, Suite 1310
Chicago, IL 60601-6713
Tel.: (312) 946-1111
Fax: (312) 946-1112
repoffice@ucichicago.com

Banca Monte dei Paschi di Siena S.p.A.

Piazza Salimbeni 3
53100 Siena
Tel.: +39-0577-294-111
Fax: +39-0577-294-677
www.mps.it

55, East 59th Street
New York, NY 10022-1112
Tel.: (212) 891-3600
Fax: (212) 891-3661/3
Romeo Carlo Cella, Direttore Titolare
romeocarlo.cella@banca.mps.it

Chapter 9. BUSINESS TRAVEL

BUSINESS CUSTOMS

In general, what is considered good business practice in the United States also applies when doing business in Italy. Businesspeople in Italy appreciate prompt replies to their inquiries, and expect all correspondence to be acknowledged. Conservative business attire is recommended at all times. Business appointments are required, and visitors are expected to be punctual. The "golden keys" of customary business courtesy, especially replying promptly to requests for price quotations and to orders, are a prerequisite for exporting success. In general, European business executives are more formal than their American counterparts; therefore, it is best to refrain from using first names until a solid relationship has been formed. Italian business executives tend to use titles indicating their position in the firm. During the first stages of conducting business, it is best to let the prospective buyer take the lead since the American approach of "getting down to business" may be considered abrupt. Avoid commenting on political events or making negative comments about the country. Some positive and sincere observations about the Italian culture, style, art, history, cuisine, or music are always appropriate. Friendship and mutual trust are highly valued, and, once an American has established this relationship, a productive business association can usually be counted upon.

Italian buyers appreciate style, quality, and service, but are also interested in delivered price. Care must be taken to assure that stated delivery dates are maintained and that after-sales service is promptly honored. Italians, and Europeans in general, expect that, after placing an order with a supplier, the delivery date be honored. While numerous factors may interfere with prompt shipment, the U.S. exporter must allow for additional shipping time and keep in close contact with the buyer. Meeting delivery schedules is of prime importance. It is much better to quote a later delivery date that can be guaranteed than promise an earlier delivery that is not completely certain.

TRAVEL ADVISORY AND VISAS

Every U.S. traveler must have a valid passport. No visa is required of U.S. citizens visiting Italy for less than 3 months, but one is required for longer stays. American citizens entering Italy must register at the police station (Questura) within 8 days of entering the country if they plan to stay more than 30 days. Hotels automatically register their guests with the police for the period of hotel stay. U.S. citizens planning to work in the country must first obtain a work visa in the U.S. from the Italian Embassy or an Italian Consulate. The Italian employer must first obtain approval for a work permit. This permit is usually granted only for specialized work or skills. The Italian employer files an application at a Provincial Labor Office. If clearance is granted, the prospective employer is further required to obtain a work permit with the approval of the regional and central authorities. The permit is then sent to the worker so that he or she may apply for the entry visa. There are Italian consular offices in all of the largest American cities. The application process should be initiated three to four months before the visa will be needed.

A person seeking to work in Italy in an independent or self-employed capacity files an application directly with the Italian Embassy or Consulate along with needed credentials demonstrating experience in the field of work.

For further information concerning entry requirements for Italy, travelers can consult the Italian Embassy website at <http://www.italyemb.org>, contact the Consular Section of the Embassy of Italy at 3000 Whitehaven Street, NW, Washington, DC 20008, telephone: (202) 612-4400 or 612-4405, or fax 518-2154, or the nearest Italian Consulate General in Boston, Chicago, Detroit, Houston, Los Angeles, Miami, Newark, New York, Philadelphia, or San

Francisco.

Italy has a moderate rate of violent crime, some of which is directed toward tourists, principally for motives of theft. Petty crime (pick-pocketing, theft from parked cars, purse snatching) is a significant problem, especially in large cities. Most reported thefts occur at crowded tourist sites, on public buses, or at the major railway stations, including Rome's Termini, Milan's Centrale, Florence's Santa Maria Novella, and in Naples. More detailed information is available from the Department of State's Consular Information Sheet for Italy. Contact the Bureau of Consular Affairs' homepage at: <http://www.travel.state.gov>. The Embassy's homepage can be found at: <http://www.usembassy.it>.

WORKWEEK

The usual Italian business hours are from 8 or 9 A.M. to Noon or 1 P.M. and from 3 to 6 or 7 P.M., Monday through Friday. Working hours for the various ministries of the government are normally from 8 A.M. to 2 P.M. without intermission. Bank hours are from 8:30 A.M. to 1:30 P.M. and 3:00-4:00 P.M.; they are closed on Saturdays and Sundays. Retail establishments are closed on Sundays although exceptions exist, primarily in tourist areas. In recent years, Italy has enacted legislation providing flexibility in retail store operating.

HOLIDAYS

Italian holidays must be taken into account when planning a business itinerary. July and August are not good months for conducting business in Italy since most business firms are closed for vacation during this period. The same is true during the Christmas and New Year period. Italian commercial holidays are listed below and are when most commercial offices and banks are closed. Certain other days are celebrated as holidays within local jurisdictions. Italian holidays are also observed by the U.S. Embassy and Consulates and should be considered when telephoning or visiting the U.S. and Foreign Commercial Service offices. When an Italian holiday falls on a Saturday, offices and stores are closed.

Listed below are Italian holidays for 2005:

January 6, Thursday	Epiphany
March 28, Monday	Easter Monday
April 25, Monday	Anniversary of the Liberation
May 1, Sunday	Labor Day
June 2, Thursday	Foundation of the Italian Republic
August 15, Monday	Assumption Day
November 1, Tuesday	All Saints' Day
December 8, Thursday	Feast of the Immaculate Conception
December 26, Monday	St. Stephen's Day

Patron Saint Days are observed by the following cities:

Milan:

December 7, 2005, Wednesday St. Ambrogio's Day

Florence & Genoa:

June 24, 2005, Friday St. John's Day

Rome:

June 29, 2005, Wednesday St. Peter and St. Paul's Day

Palermo:
July 15, 2005, Friday St. Rosalia's Day

Naples:
Sept. 19, 2005, Monday St. Gennaro's Day

BUSINESS INFRASTRUCTURE

Italian is the official language and is spoken in all parts of Italy, although some minority groups in the Alto Adige and Aosta regions speak German and French, respectively. Correspondence with Italian firms, especially for an initial contact, should be in Italian. If a reply comes in English then the subsequent correspondence with the Italian firm can be in English. The use of Italian is not only regarded as a courtesy, but assures prompt attention, and prevents inaccuracies that might arise in translation. Most large commercial firms are able to correspond in various languages in addition to English and Italian, but a business overture or proposal is given more serious attention if written in Italian.

The importance of having trade literature, catalogs, and instructions printed in Italian cannot be overemphasized. The agent representative in Italy who has such material is in a far better competitive position than the one who can only show literature in English to prospective customers and consumers.

For calls made to Italy, it is important to remember that the time zone for Italy is 6 hours ahead of U.S. Eastern Standard Time. As in many Western European countries, Italy's telephone dialing procedures have changed and the city code has become part of each telephone number. An example of a local call within Rome would be: 06-46741 (06 is the city code). Incoming long distance calls to Italy also require that the "0" in the city code be included when dialing. An example of an incoming long distance call from the U.S. to Rome is as follows: +39-06-46741 (39 being the country code, 06 the city code for Rome). Milan's city code is 02. Italians are avid users of cellular phones and will generally provide their cellular telephone number. When dialing to cellular phones, please note that no city code is used. Also, the "0" has been dropped from the prefix of all cellular phone numbers. An example of an incoming call from the U.S. to a cellular phone is as follows: +39-328-6187041 (39 being the country code, 328 a sample cellular prefix).

For Internet access, there is an abundance of Internet stations and cafes. This is due to the relatively sparse ownership of personal computers in Italy. Many of these stations cater to tourists and also provide easy access to international calling.

Medical services are good and hospitals compare with those in the United States. Common medical needs are readily obtained, and special supplies are normally available on short notice, including most pharmaceuticals. An international certificate of vaccination is not required for travelers from the United States. Drinking water is acceptable and sanitation is at American standards.

Rental automobiles are available at numerous locations. An international or state driving license is acceptable. Tipping is as appropriate in Italy as it is in the United States. Generally, tip waiters 10 percent if "servizio" has not been added to the check.

Electrical power supplies are generally 220 volts, 50 cycles, single-phase and 380 volts, 50 cycles, three-phase. Electricity at 60 cycles is not available. American appliances, such as electric shavers or hair dryers, do not work and will be damaged if used without a transformer. Service interruptions are rare and the frequency of the current is stable. The electrical plug is the standard plug B. This is a plug that has two round pins instead of the flat prongs. Some outlets may require different plugs in other parts of the country.

Currency

Italy, along with 12 other countries in Europe, adopted the euro as their single currency on January 1, 2002. The euro has become part of daily life, and euro notes and coins are in their second year of circulation. Italy's former currency, the lira, is no longer in circulation, although in some parts of Italy price quotations may still be seen, and receipts provided, with the lira value indicated alongside the euro cost.

Major U.S. credit cards are usually accepted with proper identification, such as a passport, but visitors should always ask if a particular card is accepted prior to ordering meals or making hotel reservations. Travelers' checks are accepted, but visitors should first inquire on the policy of the bank, hotel, or retail establishment before attempting to use them.

TEMPORARY ENTRY OF GOODS

Italy participates in the International Convention to Facilitate the Importation of Commercial Samples and Advertising Materials. Samples of negligible value imported to promote sales are accorded duty-free and tax-free treatment. Prior authorization is not required. To determine whether the samples are of negligible value, their value is compared with a commercial shipment of the same product. Granting of duty-free status may require that the samples be rendered useless for future sale by marking, perforating, cutting, or other means.

Imported samples of commercial value may be granted a temporary entry with exemption from custom charges. However, a bond or cash deposit may be required as security that the goods will be removed from the country. This security is the duty and tax normally levied plus 10 percent. Samples may remain in the country for up to 1 year. They may not be sold, put to their normal use (except for demonstration purposes), or utilized in any manner for remuneration. Goods imported as samples may be imported only in quantities constituting a sample according to normal commercial usage.

Carnets

As a result of various customs agreements, simplified procedures are available to U.S. business and professional people for the temporary importation of commercial samples and professional equipment. A carnet is a customs document that facilitates clearance for temporary imports of samples or equipment. With a carnet, goods may be imported without the payment of duty, tax, or additional security. The carnet also usually saves time since formalities are all arranged before leaving the United States. A carnet is usually valid for 1 year from the date of issuance. A bond or cash deposit of 40 percent of the value of the goods covered by the carnet is required, in addition to the price of the carnet. This will be forfeited in the event the products are not re-exported and duties and taxes are not paid.

Carnets are sold in the United States by the U.S. Council for International Business at the following locations: 1212 Avenue of the Americas, New York, NY 10036, (212) 354-4480; or 1030 15th Street NW, Suite 800, Washington, DC 20005, (202) 371-1316, email at info@uscib.org

Business travelers to Italy seeking appointments with U.S. Embassy Rome officials should contact the Commercial Section in advance. The Commercial Section can be reached by telephone at +39-06-4674-2382, fax at +39-06-4674-2113, or e-mail at Rome.Office.Box@mail.doc.gov

APPENDIX A: COUNTRY DATA (Jan. 1, 2002, Data)

Population: 57.8 Million
Population growth rate: 0.1 percent
Religion: Most Italians are Roman Catholic
Government System: Parliamentary Democracy
Languages: Italian. German is the official second language in Trentino-Alto-Adige (Tyrol); French is the official second language in Valle d'Aosta.
Workweek: 38 hours, Monday - Saturday

APPENDIX B: DOMESTIC ECONOMY

2002 ACTUAL, 2003 AND 2004 ESTIMATES - USD MILLIONS

	2002	2003	2004
GDP AT CURRENT PRICES	1,090,399	1,456,410	1,628,907
NOMINAL GDP GROWTH RATE (PERCENT)	3.1	3.04	3.23
REAL GDP GROWTH RATE (PERCENT)	0.4	0.3	1.2
GDP PER CAPITA (\$)	20,703	25,286	26,264
GOVERNMENT SPENDING AS PERCENTAGE OF GDP	46.8	47.0	46.0
INFLATION (PERCENT)	2.5	2.7	2.3
UNEMPLOYMENT (PERCENT)	9.0	8.79	8.6
FOREIGN EXCHANGE RESERVES	55,365	61,400	60,500
AVERAGE EXCHANGE RATE (euro/\$)	1.06	0.89	0.82
DEBT SERVICE RATIO (PERCENT)	5.5	5.5	5.5

APPENDIX C: TRADE STATISTICS

2002, ACTUAL, 2003 AND 2004 ESTIMATES - USD MILLIONS

	2002	2003	2004
TOTAL ITALIAN EXPORTS	253,279	261,146	273,248
TOTAL ITALIAN IMPORTS	244,567	295,207	299,887
EXPORTS TO THE US	23,458	24,492	24,855
IMPORTS FROM THE US	11,832	12,401	12,810

U.S. SHARE OF HOST COUNTRY MANUFACTURED GOODS

	2002	2003	2004
TOTAL FROM WORLD	205,343	233,945	244,786
TOTAL FROM THE US	11,923	12,594	14,311
U.S. SHARE OF MANUFACTURED IMPORTS (PERCENT)	5.8	5.4	5.8
MANUFACTURED GOODS TRADE BALANCE WITH US	13,384	12,741	11,614
PROJECTED AVERAGE ANNUAL GROWTH RATE FROM WORLD THROUGH 2004 (PERCENT)	0.2	0.0	4.6

IMPORTS OF AGRICULTURAL GOODS

	2002	2003	2004
TOTAL (FROM WORLD)	8,374	9,540	9,982
FROM THE US	453	512	556
U.S. SHARE OF AGRICULTURAL IMPORTS (PERCENT)	5.4	5.4	5.6
AGRICULTURAL GOODS TRADE BALANCE WITH US	-398	-455	-500

TRADE BALANCE WITH FOUR LEADING PARTNERS IN 2003

	2002	2003	2004
GERMANY	-8,763	-11,142	-8,505
FRANCE	3,120	2,067	4,041
UNITED STATES	12,626	13,091	12,045
UNITED KINGDOM	5,147	8,905	9,772

SOURCE: BANK OF ITALY, ISTAT, ISAE, EMBASSY FORECAST

APPENDIX D: INVESTMENT STATISTICS

TABLE 1: FOREIGN DIRECT INVESTMENT INFLOWS BY ECONOMIC SECTOR (NET)
1999-2002 (USD MILLIONS) (1) (2)

	1999	2000	2001	2002
AGRICULTURE	26.4	-17.6	171.6	-95.6
ENERGY	-13.2	112.7	922.3	435.2
INDUSTRY OF WHICH:	2,192.0	5,490.5	4,758.1	4,942.9
MACHINE	517.1	6,226.5	1,125.8	1,942.1
CHEMICAL	387.2	525.7	358.9	623.4
FOOD	361.9	441.5	991.2	504.2
TEXTILES	248.6	309.2	240.1	394.5
MINERAL/METAL	505.5	293.1	334.4	311.2
OTHER	171.7	-2,305.5	1,707.7	1,167.5
BUILDING AND PUBLIC WORKS	152.4	241.7	146.6	168.4
SERVICES OF WHICH:	5,014.2	6,896.3	8,185.9	8,812.9
BANKING/INSURANCE	2,298.1	3,759.3	1,761.8	4,011.0
TRADE	640.8	-1,452.4	845.5	525.0
TRANSPORTATION/ COMMUNICATION	738.0	2,354.9	1,119.3	544.0
OTHER SERVICES (NOT FOR SALE)	1,337.3	2,234.5	4,459.3	3,732.9
T O T A L	7,371.8 1	2,723.6	14,184.6	14,263.8

(1) COMPILED BY THE ECONOMIC SECTION OF THE EMBASSY BASED ON BANK OF ITALY DATA AND CONVERTED AT THE FOLLOWING AVERAGE EXCHANGE RATES:

	2000	2001	2002	2003
EURO/DOLLAR	1.186	1.117	1.057	0.894

(2) NET = NEW INVESTMENT LESS DISINVESTMENT. The volatility and huge changes from year to year in some sections can be explained in part by the fact that listed data is "net": new investment minus disinvestment.

TABLE 2: ITALIAN DIRECT INVESTMENT OUTFLOWS BY ECONOMIC SECTOR (NET)
1999-2002 (MILLIONS OF DOLLARS) (1) (2)

	1999	2000	2001	2002
AGRICULTURE	-22.0	13.8	8.8	8.5
ENERGY	2,422.4	41.3	8,313.1	2,376.4
INDUSTRY OF WHICH:	5,135.9	4,436.7	4,834.9	3,321.4
MACHINE	2,617.7	2,663.2	1,393.2	1,428.5
CHEMICAL	388.9	570.9	651.7	321.6
FOOD	677.1	-150.8	557.4	99.3
TEXTILES	190.3	389.6	151.7	469.2
MINERAL/METAL	641.9	177.5	774.3	158.0
OTHER	620.0	786.3	1,306.7	844.8
BUILDING AND PUBLIC WORKS	188.7	263.6	105.5	-35.0
SERVICES OF WHICH:	-3,356.5	5,219.4	7,891.3	9,848.8
BANKING/INSURANCE	1,820.7	1,080.4	708.6	4,140.6
TRADE	777.8	584.2	428.3	852.3
TRANSPORTATION/ COMMUNICATION	346.0	1,580.4	2,661.9	338.7
OTHER SERVICES (NOT FOR SALE)	-6,301.0	1,974.4	4,092.5	4,517.2
T O T A L	4,368.5	9,974.8	21,153.6	15,520.1

(1) COMPILED BY THE ECONOMIC SECTION OF THE EMBASSY BASED ON BANK OF ITALY DATA AND CONVERTED AT THE FOLLOWING AVERAGE EXCHANGE RATES:

	2000	2001	2002	2003
EURO/DOLLAR	1.186	1.117	1.057	0.894

(2) NET = NEW INVESTMENT LESS DISINVESTMENT. The volatility and the huge changes from year to year in some sections might be explained by the fact that listed data are net: new investment minus disinvestment.

TABLE 3A: STOCK OF FOREIGN DIRECT INVESTMENT IN ITALY BY MAJOR INVESTORS;
YEAR END 1999-2002 (USD MILLIONS) (1)

	1999	2000	2001	2002
UNITED STATES	14,051.4	14,888.1	13,781.5	15,373.7
EU	62,850.0	68,411.1	67,574.5	80,358.0
OF WHICH:				
FRANCE	15,501.3	13,924.4	14,273.7	17,071.0
NETHERLANDS	9,522.1	15,045.9	14,033.8	17,444.7
UNITED KINGDOM	11,931.5	12,957.4	12,791.7	14,692.1
GERMANY	10,473.3	9,742.7	8,868.0	9,959.3
LUXEMBOURG	9,712.0	9,781.4	10,703.7	13,171.2
SWEDEN	2,552.7	2,496.4	2,208.8	2,431.2
SPAIN	463.9	771.9	853.9	936.3
OTHER EU (2)	2,693.3	3,691.1	3,840.8	4,652.3
SWITZERLAND	18,445.3	15,997.6	13,899.7	15,375.8
LIECHTENSTEIN	1,646.6	1,552.4	1,334.7	1,438.4
JAPAN	2,035.3	1,914.4	1,984.8	2,315.2
ARGENTINA	148.9	139.6	119.1	129.4
BRAZIL	68.0	62.6	54.7	58.5
OTHER	6,352.8	6,307.8	5,740.8	6,182.7
T O T A L	105,598.3	109,273.6	104,489.8	121,231.7

(1) COMPILED BY THE ECONOMIC SECTION OF THE EMBASSY BASED ON BANK OF ITALY DATA AND CONVERTED AT THE FOLLOWING END YEAR EXCHANGE RATES:

	2000	2001	2002	2003
EURO/DOLLAR	1.180	1.134	0.958	0.799

(2) BELGIUM, AUSTRIA, DENMARK, FINLAND, PORTUGAL, GREECE, IRELAND.

TABLE 3B: STOCK OF FOREIGN DIRECT INVESTMENT IN ITALY BY MAJOR INVESTORS;
YEAR END 1999-2002 (PERCENTAGE OF TOTAL)

	1999	2000	2001	2002
UNITED STATES	13.3	13.6	13.2	12.7
EU	59.5	62.6	64.7	66.3
OF WHICH:				
FRANCE	14.7	12.7	13.7	14.1
NETHERLANDS	9.0	13.8	13.4	14.4
UNITED KINGDOM	11.3	11.9	12.2	12.1
GERMANY	9.9	8.9	8.5	8.2
LUXEMBOURG	9.2	8.9	10.2	10.9
SWEDEN	2.4	2.3	2.1	2.0
SPAIN	0.4	0.7	0.8	0.8
OTHER EU (1)	2.5	3.4	3.8	3.8
SWITZERLAND	17.5	14.6	13.3	12.7
LIECHTENSTEIN	1.6	1.4	1.3	1.2
JAPAN	1.9	1.8	1.9	1.9
ARGENTINA	0.1	0.1	0.1	0.1
BRAZIL	0.1	0.1	0.1	0.1
OTHER	6.0	5.8	5.4	5.0
T O T A L	100.0	100.0	100.0	100.0

(1) BELGIUM, AUSTRIA, DENMARK, FINLAND, PORTUGAL, GREECE, IRELAND.

TABLE 4A: STOCK OF ITALIAN DIRECT INVESTMENT ABROAD BY MAJOR RECIPIENT;
YEAR END 1999-2002 (MILLIONS OF DOLLARS) (1)

	1999	2000	2001	2002
UNITED STATES	18,198.8	17,749.4	18,799.9	17,390.4
EU	104,320.7	100,249.2	106,956.2	118,190.0
OFWHICH:				
LUXEMBOURG	19,853.7	20,056.0	20,457.4	24,228.6
NETHERLANDS	25,522.6	23,703.5	29,154.3	32,087.7
FRANCE	15,235.6	15,965.1	15,487.5	16,131.5
GERMANY	11,467.6	10,622.7	9,505.8	9,272.4
UNITED KINGDOM	11,983.1	14,181.1	17,437.9	18,715.0
SWEDEN	793.5	686.8	602.5	600.2
SPAIN	8,003.1	6,583.9	6,204.9	7,125.3
OTHER EU (2)	9,263.6	8,745.5	8,708.4	10,029.3
SWITZERLAND	9,926.8	10,063.6	8,975.6	9,321.5
BRAZIL	4,165.0	4,202.3	4,056.9	2,486.4
ARGENTINA	2,057.6	2,438.1	2,133.0	1,633.6
JAPAN	1,839.6	1,407.9	965.0	954.1
LIECHTENSTEIN	140.1	143.0	141.1	144.1
OTHER	24,915.0	23,172.1	17,761.7	19,552.1
T O T A L	165,563.6	159,425.6	159,789.5	169,672.0

(1) COMPILED BY THE ECONOMIC SECTION OF THE EMBASSY BASED ON BANK OF ITALY DATA AND CONVERTED AT THE FOLLOWING END YEAR EXCHANGE RATES:

	2000	2001	2002	2003
EURO/DOLLAR	1.180	1.134	0.958	0.799

(2) BELGIUM, AUSTRIA, DENMARK, FINLAND, PORTUGAL, GREECE, IRELAND.

TABLE 4B: STOCK OF ITALIAN DIRECT INVESTMENT ABROAD BY MAJOR RECIPIENT
YEAR END 1999-2002 (PERCENTAGE OF TOTAL)

		1999	2000	2001	2002
UNITED STATES		11.0	11.1	11.8	10.2
EU		63.0	62.9	66.9	69.7
	OF WHICH:				
	LUXEMBOURG	12.0	12.6	12.8	14.3
	NETHERLANDS	15.4	14.9	18.2	18.9
	FRANCE	9.2	10.0	9.7	9.5
	GERMANY	6.9	6.7	5.9	5.5
	UNITED KINGDOM	8.6	8.7	10.9	11.0
	SPAIN	4.8	4.1	3.9	4.2
	SWEDEN	0.3	0.5	0.4	0.4
	OTHER EU (1)	5.6	5.5	5.1	5.9
SWITZERLAND		6.0	6.3	5.6	5.5
BRAZIL		2.5	2.6	2.5	1.5
ARGENTINA		1.2	1.5	1.3	1.0
JAPAN		1.1	0.9	0.6	0.6
LIECHTENSTEIN		0.1	0.1	0.1	0.1
OTHER		15.1	14.6	11.2	11.5
T O T A L		100.0	100.0	100.0	100.0

(1) BELGIUM, AUSTRIA, DENMARK, FINLAND, PORTUGAL, GREECE, IRELAND.

TABLE 5A: U.S. INVESTMENT IN ITALY BY ECONOMIC SECTOR
OUTSTANDING END-YEAR 1999-2002 (MILLIONS OF DOLLARS) (1)

	1999	2000	2001	2002
AGRICULTURE	17.1	20.1	21.2	29.2
ENERGY	527.8	497.4	404.0	434.2
INDUSTRY	8,788.8	9,756.6	8,712.8	9,236.0
OF WHICH:				
MACHINE	1,144.3	2,333.8	2,067.7	2,098.1
TRANSPORTATION EQUIPMENT	672.0	660.0	586.6	621.1
CHEMICAL	2,614.9	2,596.4	2,303.2	2,487.5
FOOD	1,499.2	1,406.0	1,223.5	1,306.9
TEXTILES	193.6	220.7	165.8	179.5
MINERALS/METALS	209.7	243.9	240.8	272.4
OTHER	2,455.1	2,295.8	2,125.0	2,297.5
SERVICES	4,717.7	4,614.0	4,643.5	5,647.2
OF WHICH:				
TRADE	676.7	655.7	643.2	690.0
BANKING/INSURANCE	2,141.2	2,102.3	2,248.5	2,910.2
TRANSPORTATION/ COMMUNICATION	482.1	473.9	419.9	456.2
OTHER SERVICES	1,417.7	1,382.1	1,340.8	1,590.8
T O T A L	14,051.4	14,888.1	13,781.5	15,373.7

(1) COMPILED BY THE ECONOMIC SECTION OF THE EMBASSY BASED ON BANK OF ITALY DATA AND CONVERTED AT THE FOLLOWING END YEAR EXCHANGE RATES:

	2000	2001	2002	2003
EURO/DOLLAR	1.180	1.134	0.958	0.799

(2) BELGIUM, AUSTRIA, DENMARK, FINLAND, PORTUGAL, GREECE, IRELAND.

TABLE 5B: U.S. INVESTMENT IN ITALY BY ECONOMIC SECTOR
OUTSTANDING END-YEAR 1999-2002 (PERCENTAGE OF TOTAL)

	1999	2000	2001	2002
AGRICULTURE	0.1	0.1	0.2	0.2
ENERGY	3.8	3.3	2.9	2.8
INDUSTRY	62.5	65.5	63.2	60.3
OF WHICH:				
MACHINE	8.1	15.7	15.0	13.7
TRANSPORTATION EQUIPMENT	4.8	4.4	4.3	4.0
CHEMICAL	18.6	17.4	16.7	16.2
FOOD	10.7	9.4	8.9	8.5
TEXTILES	1.4	1.5	1.2	1.2
MINERALS/METALS	1.5	1.5	1.8	1.8
OTHER	17.4	15.4	15.5	14.9
SERVICES	33.6	31.1	33.7	36.7
OF WHICH:				
TRADE	4.8	4.4	4.6	4.5
BANKING/INSURANCE	15.2	14.1	16.3	18.9
TRANSPORTATION/ COMMUNICATION	3.4	3.2	3.1	3.0
OTHER SERVICES	10.2	9.4	9.7	10.3
TOTAL	100.0	100.0	100.0	100.0

TABLE 6A: ITALIAN INVESTMENT IN THE U.S. BY ECONOMIC SECTOR
OUTSTANDING END-YEAR 1999-2002 (MILLIONS OF DOLLARS) (1)

	1999	2000	2001	2002
AGRICULTURE	47.7	53.6	54.7	48.0
ENERGY	1,456.7	1,600.7	1,971.6	1,727.6
INDUSTRY	6,964.7	7,008.1	7,349.0	6,749.5
OF WHICH:				
MACHINE	2,551.1	2,687.7	2,759.3	2,484.3
TRANSPORTATION EQUIPMENT	801.8	791.5	843.3	775.6
CHEMICAL	389.7	488.2	507.2	494.8
FOOD	416.7	166.9	263.8	249.5
TEXTILES	644.5	731.7	723.3	670.1
MINERALS/METALS	1,574.5	1,552.8	1,548.1	1,440.5
OTHER	586.4	589.3	703.9	634.7
SERVICES	9,729.7	9,087.0	9,424.7	8,865.3
OF WHICH:				
TRADE	1,130.8	1,137.7	1,175.9	690.0
BANKING/INSURANCE	5,191.5	4,272.6	4,433.6	4,179.5
TRANSPORTATION/ COMMUNICATION	0.0	109.5	284.9	456.2
OTHER	3,407.4	3,567.2	3,530.3	3,539.7
TOTAL	16,131.9	18,198.8	18,799.9	17,390.4

(1) COMPILED BY THE ECONOMIC SECTION OF THE EMBASSY BASED ON BANK OF ITALY DATA AND CONVERTED AT THE FOLLOWING END YEAR EXCHANGE RATES:

	2000	2001	2002	2003
EURO/DOLLAR	1.180	1.134	0.958	0.799

TABLE 6B: ITALIAN INVESTMENT IN THE U.S. BY ECONOMIC SECTOR
OUTSTANDING END-YEAR 1999-2002 (PERCENTAGE OF TOTAL)

	1999	2000	2001	2002
AGRICULTURE	0.3	0.3	0.3	0.3
ENERGY	8.0	9.0	10.5	9.9
INDUSTRY	38.3	39.5	39.1	38.8
OF WHICH:				
MACHINE	14.9	14.0	14.7	14.3
TRANSPORTATION EQUIPMENT	4.4	4.5	4.5	4.5
CHEMICAL	2.1	2.8	2.7	2.9
FOOD	2.3	0.9	1.4	1.4
TEXTILES	3.5	4.1	3.9	3.8
MINERALS/METALS	8.7	8.7	8.2	8.3
OTHER	3.3	3.3	3.7	3.6
SERVICES	53.4	51.2	50.1	51.0
OF WHICH:				
TRADE	6.2	6.4	6.3	4.0
BANKING/INSURANCE	28.5	24.1	23.6	24.0
TRANSPORTATION/ COMMUNICATION	0.0	0.6	1.5	2.6
OTHER	18.7	20.1	18.7	20.4
T O T A L	100.0	100.0	100.0	100.0

TABLE 7: DIRECT INVESTMENT BY ORIGIN AND DESTINATION
OUTSTANDING END-YEAR 2002 (MILLIONS OF DOLLARS) (1)

	FOREIGN INVESTMENT IN ITALY	INVESTMENT ABROAD	ITALIAN POSITION
EU	80,358.0	118,190.0	37,832.0
OF WHICH:			
UNITED KINGDOM	14,692.1	18,715.0	4,022.9
NETHERLANDS	17,444.7	32,087.7	14,643.0
GERMANY	9,959.3	9,272.4	-686.9
FRANCE	17,071.0	16,131.5	-939.5
SPAIN	936.3	7,125.3	6,189.0
LUXEMBOURG	13,171.2	24,228.6	11,057.4
BELGIUM	2,307.9	3,369.5	1,061.6
SWEDEN	2,431.1	600.2	-1,830.9
OTHER EU (2)	2,344.4	6,659.8	4,315.4
NON-EU	40,873.7	51,482.2	10,608.5
OF WHICH:			
USA	15,373.7	17,390.4	2,016.7
SWITZERLAND	15,375.8	9,321.5	-6,054.3
LIECHTENSTEIN	1,438.4	144.1	-1,294.3
JAPAN	2,315.2	954.1	1,361.1
CANADA	580.4	827.8	247.4
ARGENTINA	129.4	1,633.6	1,504.2
BRAZIL	58.5	2,486.4	2,427.9
OTHER	5,602.3	18,724.3	13,122.0
T O T A L	121,231.7	169,672.2	48,440.5

(1) ORIGINAL DATA IN EURO AND CONVERTED AT THE END-2002 EXCHANGE RATE ONE DOLLAR EQUALS 0.958.

(2) AUSTRIA, DENMARK, FINLAND, PORTUGAL, GREECE, IRELAND.

SOURCES: ITALIAN EXCHANGE OFFICE AND BANK OF ITALY ANNUAL REPORT 2002.

Chapter 11. U.S. AND COUNTRY CONTACTS

U.S. EMBASSY TRADE CONTACTS

U.S. Commercial Service Web Site: www.buyusa.it

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Fax: +39-02-659-6561
Email: Milan.Office.Box@mail.doc.gov

Barbara Lapini
Commercial Specialist
American Consulate Florence
Lungarno A. Vespucci 38
50123 Florence, Italy
Tel.: +39-055-211-676
Fax: +39-055-283-780
Email: Florence.Office.Box@mail.doc.gov

Albina Parente
Commercial Specialist
American Consulate Naples
Piazza della Repubblica
80122 Naples, Italy
Tel.: +39-081-583-8206

Fax: +39-081-761-1592
Email: Naples.Office.Box@mail.doc.gov

Embassy Web Site: www.usembassy.it

Contacts for the Foreign Agricultural Service in U.S. Embassy Rome
Embassy Web Site: www.usembassy.it/agtrade

Geoff Wiggin
Minister Counselor for Agricultural Affairs
American Embassy
Via Veneto 119A
00187 Rome, Italy
Tel.: +39-06-4674-2362
Fax: +39-06-4788-7008
Email: agrome@usda.gov

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Via Veneto 119A
00187 Roma, Italy
Tel.: +39-06-4674-2362 Fax: +39-06-4788-7008
Email: agrome@usda.gov

Contacts in the Economic Section in U.S. Embassy Rome
Embassy Web Site: www.usembassy.it

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American Embassy
Via Vittorio Veneto 119/A
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Tel.: +39-06-4674-2107
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Email: KilnerS@state.gov

Kathleen Reddy
Economic Counselor
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Fax: +39-06-4674-2345
Email: ReddyK@state.gov

AMERICAN CHAMBER OF COMMERCE IN ITALY

American Chamber of Commerce in Italy
Mario Resca, President
Via Cantu' 1
20123 Milano
Tel.: +39-02-869-0661
Fax: +39-02-805-7737
Email: amcham@amcham.it
Web: www.amcham.it

ITALIAN GOVERNMENT AGENCIES

Banca d'Italia
(Bank of Italy)
Credit Institutions Supervision Service
Via Nazionale 91
00184 Roma
Tel.: +39-06-47921
Web: www.bancaditalia.it

CONSOB-Commissione Nazionale per le Società e la Borsa
(Securities Regulatory Agency)
Via G.B. Martini 3
00198 Roma
Tel.: +39-06-847-71
Fax: +39-06-841-6703/841-7707
Email: consob@consob.it
Web: www.consob.it

The Italian Embassy
Commercial Section
3000 Whitehaven St. N.W.
Washington, DC 20008
Tel.: (202) 612-4400
Fax: (202) 518-2154
Web: <http://italyemb.org>

Ente Nazionale Italiano per il Turismo (ENIT)
Italian State Tourist Board
630 Fifth Avenue, Suite 1565
New York, NY 10111
Tel.: (212) 245-4822/245-5618
Fax: (212) 586-9249
Email: enitny@italiantourism.com
Web: www.italiantourism.com

The Italian Trade Commission
(Assists in locating Italian suppliers and products.)
Offices are located in the following cities:

ITC Atlanta
2301, Peachtree Center - Harris Tower
233, Peachtree Street N.E.
P.O.Box 56689
Atlanta Georgia 30343
Tel.: (404) 525-0660
Fax: (404) 525 -5112
Email: atlanta@atlanta.ice.it
Web: <http://www.italtrade.com>

ITC Chicago
401, North Michigan Avenue
Suite 3030
Chicago, Illinois 60611
Tel.: (312) 670-4360
Fax: (312) 670-5147

Email: chicago@chicago.ice.it
Web: www.italtrade.com

ITC Los Angeles
1801 Avenue of the Stars
Suite 700
Los Angeles, CA 90067
Tel.: (323) 879-0950
Fax: (310) 203-8335
Email: losangeles@losangeles.ice.it
Web: www.italtrade.com

ITC New York
33 East 67th Street
New York, NY 10021-5949
Tel.: (212) 980-1500
Fax: (212) 758-1050
Email: newyork@newyork.ice.it
Web: www.italtrade.com

ITC Seattle
1420 Fifth Avenue
Suite 2670
Seattle, WA 98101
Tel.: (206) 398-0530
Fax: (206) 398-0532
Email: seattle.seattle@ice.it
Web: www.italtrade.com

Ministero dell'Economia e delle Finanze
(Ministry of the Economy and Finance)
Mario Andrea Guaiana, Director
Agenzia delle Dogane
(Customs Agency)
Via M. Carucci 71
00143 Roma
Tel.: +39-06-5024-1
Fax: +39-06-5024-3076
Email: drd.roma.udr@agenziadogane.it
Web: www.agenziadogane.it

Istituto Nazionale per il Commercio Estero (ICE)
Italian Trade Commission
Viale Liszt 21
00144 Roma
Tel.: +39-06-5992-1
Fax: +39-06-5992-6899
Email: ice@ice.it
Web: www.ice.it

Ente Nazionale Italiano di Unificazione (UNI)
(National Standardization Board)
Via Battistotti Sassi 11/B
20133 Milano
Tel.: +39-02-700-241
Fax: +39-02-7010-5992/02-7010-6106

Email: uni@uni.com
Web: www.uni.com

Ministero delle Attività Produttive
(Ministry of Productive Activities)
Ufficio Italiano Brevetti e Marchi
(Italian Patent and Trademark Office)
Via Molise 19
00187 Rome
Tel.: +39-06-4705-3054/06-4705-3010
Fax: +39-06-4705-3063/06-4705-3015
Email: cccmil@minindustria.it
Web: www.minindustria.it
www.european-patent-office.org/it/

Ministero per i Beni e le Attività Culturali
(Ministry of Cultural Heritage and Activities)
Diritto d'Autore e Vigilanza sulla SIAE
(Copyright and Supervision on SIAE)
Elio Vito Silvestro, Director,
Segretariato Generale Servizio XI
Via Della Ferratella in Laterano 51
Tel.: +39-06-7770-1203/06-7770-1208
Fax: +39-06-7770-1244
Email: dirittoautore@beniculturali.it

OFFICIAL ITALIAN AGRICULTURAL CONTACTS

Istituto Nazionale per il Commercio Estero (ICE)
Italian Trade Commission
Viale Liszt 21
00144 Roma
Tel.: +39-06-59921
Fax: +39-06-5992-6899
Email: ice@ice.it
Web: www.ice.it

Ministero delle Politiche Agricole e Forestali
(Ministry of Agricultural and Forestal Policies)
Pasquale Mainolfi, Director, Agr. Production
Via XX Settembre 20
00187 Roma
Tel.: +39-06-4884-293
Fax: +39-06-4814-628
Web: www.politicheagricole.it

Ministero della Salute
(Ministry of Health)
Romano Marabelli, Director General,
Directorate General for Veterinary Health, Food and Nutrition
Piazzale Marconi 25
Palazzo Italia
00144 Eur-Roma
Tel.: +39-06-5994-6946
Fax: +39-06-5994-66676/06-599-466-217

Web: www.ministerosalute.it

Ministero dell'Economia e delle Finanze
(Ministry of the Economy and Finance)
Mario Andrea Guaiana, Director
Agenzia delle Dogane
(Customs Agency)
Via M. Carucci 71
00143 Roma
Tel.: +39-06-50241
Fax: +39-06-5024-3076
Email: drd.roma.udr@agenziadogane.it
Web: www.agenziadogane.it

ITALIAN TRADE ASSOCIATIONS

GENERAL/INDUSTRIAL:

Associazione Bancaria Italiana (ABI)
(Italian Banking Association)
Piazza del Gesù 49 (Palazzo Altieri)
00186 Roma
Tel.: +39-06-67671
Fax: +39-06-6767-457
Email: abi@abi.it
Web: www.abi.it

Associazione Imprenditrici e Donne Dirigenti d'Azienda (AIDDA)
(Italian Association of Women Entrepreneurs and Business Executives)
Via degli Scialoja 18
00196 Roma
Tel.: +39-06-3230-578
Fax: +39-06-3230-562
Email: aidda@aidda.org
Web: www.aidda.org

Associazione Nazionale Costruttori Edili (ANCE)
Claudio De Albertis, President
Via Guattani, 16 - 00161 Roma –
Tel.: +39-06-845-671
Fax: +39-06-8456-7555/06-8456-7550
Email: info@ance.it
Web: www.ance.it

Associazione Nazionale fra le Imprese Assicuratrici (ANIA)
(National Association of Insurance Companies)
Via della Frezza 70
00186 Roma
Tel.: +39-06-326-881
Fax: +39-06-322-7135
Email: info@ania.it
Web: www.ania.it

Associazione Nazionale fra Industrie Automobilistiche (ANFIA)
(Italian Automotive Industry Association)

Corso Galileo Ferraris 61
10128 Torino
Tel.: +39-011-554-6511/011-554-6505
Fax: +39-011-545-986/011-545-411
Email: anfia@anfia.it
Web: www.anfia.it

Associazione Italiana del Franchising (Assofranchising)
(Italian Franchising Association)
Viale Majno, 42
20129 Milano
Tel.: +39-02-2900-3779/02-3656-9461
Fax: +39-02-655-5919
Email: assofranchising@assofranchising.it
Web: <http://www.assofranchising.it/contatti.htm>

ASTER
(Agency for the Development of Technology in Emilia-Romagna)
(This agency promotes use of new technologies and international trade in the Region.)
Via Gobetti 101
40129 Bologna
Tel.: +39-051-639-8099
Fax: +39-051-639-8131
Email: info@aster.it
Web: www.aster.it

Firenze Tecnologia
(Special Agency of the Chamber of Commerce, Industry, Handicraft and Agriculture of Florence)
Volta dei Mercanti 1
50122 Firenze
Tel.: +39-055-266-101
Fax: +39-055-266-1030

Confederazione Generale dell'Industria Italiana (Confindustria)
(The Confederation of Italian Industry is a principal trade association in Italy acting as an umbrella organization covering numerous industry trade associations)
Maurizio Beretta, General Director
Viale dell'Astronomia 30
00144 Roma
Tel.: +39-06-590-031
Fax: +39-06-590-3392
Email: a.tripodi@confindustria.it
Web: www.confindustria.it

Confederazione Generale Italiana dell'Artigianato (Confartigianato)
(Italian General Confederation of Craft)
Via San Giovanni in Laterano 152
00184 Roma
Tel.: +39-06-703-741
Fax: +39-06-7045-2188
Email: confartigianato@confartigianato.it
Web: www.confartigianato.it

Confederazione Generale dell'Agricoltura Italiana (Confagricoltura)
(General Confederation of Italian Agriculture)
Corso Vittorio Emanuele II 101

00186 Roma
Tel.: +39-06-685-21
Fax: +39-06-6830-8578/06-686-1726
Email: info@confagricoltura.it
Web: www.confagricoltura.it

Confederazione Generale Italiana del Commercio, del Turismo, dei Servizi e delle P.M.I.
(Confcommercio)
(Italian General Confederation of Trade, Tourism, Services, and Small and Medium Enterprises)
Gianfranco Ruta Direttore Resp,
Area Mercato e Territoriale e Direttore dell'Internazionalizzazione
Piazza G.G. Belli 2
00153 Roma
Tel.: +39-06-586-61
Fax: +39-06-581-2880
Email: confcommercio@confcommercio.it
Web: www.confcommercio.it

Confederazione Italiana della Piccola e Media Industria (CONFAPI)
(Italian Confederation of Small and Medium Industries)
Via della Colonna Antonina 52
00186 Roma
Tel.: +39-06-690-153-04/-06/-07
Fax: +39-06-679-1488
Email: mail@confapi.org
Web: www.confapi.org

Lega Nazionale Cooperative e Mutue
(National Cooperatives and Mutual Assistance League)
Via Guattani 9
00161 Roma
Tel.: +39-06-844-391
Fax: +39-06-8443-9406
Email: presidenza@legacoop.it
Web: www.legacoop.it

Promo Firenze
(Special Agency of the Chamber of Commerce, Industry, Handicraft and Agriculture of Florence for the promotion of international trade)
Via Por Santa Maria 2
Palazzo Borsa Merci
50122 Firenze
Tel.: +39-055-267-141
Fax: +39-055-267-1404
Email: promofirenze@promofirenze.com
Web: www.promofirenze.com

Puntoit
(Organization promoting electronic commerce and Internet use)
Via Antonio Nibby 3
00161 Roma
Tel./Fax: +39-06-4411-7539
Email: segreteria@puntoit.org
Web: www.puntoit.org

Unione Italiana delle Camere di Commercio Industria Agricoltura e Artigianato

(Italian Union of the Chambers of Commerce, Industry, Handicraft and Agriculture)
(Umbrella organization responsible for all chambers of commerce in Italy)

Piazza Sallustio 21

00187 Roma

Tel.: +39-06-470-41

Fax: +39-06-489-070-4240

Email: segreteria.generale@unioncamere.it

Web: www.unioncamere.it

Unione Nazionale Cantieri e Industrie Nautiche ed Affini (UCINA)

(Italian National Union of Shipyards, Nautical Industries and Related Sectors)

Andrea Gasparri, Director General

Piazzale J. F. Kennedy 1

16129 Genova

Tel.: +39-010-576-9811

Fax: +39-010-553-1104

Email: ucina@ucina.it

Web: www.ucina.net

AGRICULTURAL:

Associazione Italiana Allevatori

(Breeders)

Dr. Bonizzi, Director

Via Tomassetti 9/11

00161 Roma

Tel.: +39-06-854-511

Fax: +39-06-4424-9286

Email: info@aia.it

Web: <http://www.aia.it>

Associazione Italiana Industria Olearia

(Veg Oil)

Giorgio Cilenti, Director General

Piazza Campitelli 3

00186 Roma

Tel.: +39-06-6994-0058

Fax: +39-06-6994-0118

Email: assitol.it@iol.it

Web: <http://www.foodarea.it/associazioni/assitol>

A.I.S.

(Seed Industry Assoc)

Dino Barin, President

Piazza della Costituzione 8, Palazzo Affari

40128 Bologna

Tel.: +39-051-503811

Fax: +39-051-355-166

Email: aisbo@tin.it

Web: www.sementi.it

Associazione Nazionale Allevatori Bovini della Razza Bruna

(Brown Swiss Breeders)

Giuseppe Santus, Director

Localita Ferlina 204

37012 Bussolengo (VR)
Tel.: +39-045-6760111
Fax: +39-045-7156655
Email: anarb@anarb.it
Web: <http://www.anarb.it>

Associazione Nazionale Allevatori Razza Frisone Italiana
(Holstein Frisian Breeders)
Enrico Santus, Director
Via Bergamo 292
21626 Cremona
Tel.: +39-045-6706-0111
Fax: +39-045-7156-655
Email: anafi@anafi.it
Web: www.anafi.it

Associazione Nazionale Allevatori Suini
(Swine Breeders)
Luca Buttazzoni
Via L. Spallanzani 4/6
00161 Roma
Tel.: +39-06-4417-0620
Fax: +39-06-4417-0638
Email: anas@anas.it
Web: <http://www.anas.it>

Associazione Nazionale Bieticoltori
(Beet Growers)
Carlo Biasco, Director General
Via V.E. Collamarini, 14
40118 Bologna
Tel.: +39-051-603-3411
Fax: +39-051-602-5680
Web: <http://www.anb.it>

Associazione Nazionale Cerealisti
(Grain Traders)
Lorenzo Fineschi, Director
Via Po 102
00198 Roma
Tel.: +39-06-841-6554
Fax: +39-06-884-0877
Email: cerealisti@confcommercio.it

ASSALZOO
(Compound Feed)
Emilio Minetti, Director
Via Lovanio 6
100198 Roma
Tel. & Fax: +39-06-854-1641
Email: assalzoo@iol.it
Web: www.assalzoo.it

ANEIOA
(National Importers/Exporters Horticultural Association)
Giuseppe Calcagni, President

Via Sabotino 46
00195 Roma
Tel.: +39-06-3751-5147
Fax: +39-06-372-3569
<http://www.aneioa.it>
aneioart@tin.it

ANIPO
(National Importers/Exporters Horticultural Association)
Fausto Ratto, Secretary General
Via Brindisi 5
00182 Roma
Tel.: +39-06-772-6401
Fax: +39-06-700-4428
Email: anipo0@confcommercio.it

FEDERCOMLEGNO
(Wood Trade Federation)
Maurizio Colella, President
Via Toscana 10
00187 Roma
Tel.: +39-06-4200-681
Fax: +39-06-4201-2236
Email: federconlegno@confcommercio.it
Web: www.federlegno.it/associazioni/fedecomlegno

FEDERAGROALIMENTARE
Francesco De Leo
Via Gigli d'Oro 21
00186 Roma
Tel.: +39-06-689-341
Fax: +39-06-689-3409
Email: Federagroalimentare@confcooperative.it
Deleo.f@confcooperative.it

FEDERVINI
(Wine Trade Assoc)
Federico Castellucci, Director
Via Mentana 2B
00185 Roma
Tel.: +39-06-446-9421
Fax: +39-06-494-1566
Email: federvini@federvini.it
Web: www.federalimentare.it

ITALMOPA
(Millers Assoc)
Fabrizio Vitali, Deputy President
Via Crociferi 44
00187 Roma
Tel.: +39-06-678-5409
Fax: +39-06-678-3054
Email: italmopa@italmopa.it
Web: www.italmopa.it

UNA

(Poultry Union)
Rita Pasquarelli, Director General
Via V. Mariano 58
00189 Roma
Tel.: +39-06-3325-841
Fax: +39-06-3325-2427
Web: www.unionenaizonaleavicoltura.it

UNAPROL
(Olive Oil Producers Assoc)
Raniero Filo della Torre, Director
Via Rocca di Papa 12
00179 Roma
Tel.: +39-06-784-6901
Fax: +39-06-7834-4373
Email: unaprol@unaprol.it

UNICEB
(Livestock Meat Traders)
Renzo Fossato, President
Viale dei Campioni 13
00144 Roma
Tel.: +39-06-592-1241
Fax: +39-06-592-1478
Email: uniceb@confcommercio.it

UNIFI
(Pasta Traders Assoc)
Giuseppe Menconi, President
Via Po 102
00198 Roma
Tel: +39-06-854-3291
Fax: +39-06-841-5132
Email: info.unifi@unifi-pasta.it
Web: www.unifi-pasta.it

ITALIAN MARKET RESEARCH FIRMS

Addressvitt S.r.l.
Via della Moia 2
20020 Arese, Milano
Tel.: +39-02-9345-01
Fax: +39-02-9345-0300
Email: info@addressvitt.it
Web: www.addressvitt.it

Databank S.p.A.
Via dei Piatti 11
20123 Milano
Tel.: +39-02-809-556
Fax: +39-02-805-6495
Email: info@databank.it
Web: www.databank.it

Directa S.r.l.

Via Giuseppe Sacchi 7
20121 Milano
Tel.: +39-02-720-831
Fax: +39-02-7208-3300
Email: directa@tin.it
Web: www.directa-ricerche.com

Executive Services Business Centres S.p.A.
Via V. Monti 8
20123 Milano
Tel.: +39-02-4819-4271
Fax: +39-02-4801-3233
Email: executive@executivenetwork.it
Web: www.executivenetwork.it

Loverso Dr. Alfredo
Via Morosini 39
20135 Milano
Tel.: +39-02-5501-1554
Fax: +39-02-5518-5200

ACNielsen Italia SpA
Via Giuseppe. di Vittorio 10
20094 Corsico (MI)
Tel.: +39-02-451-971
Fax: +39-02-458-66235
Web: www.acnielsen.it

Palandri Horwath S.r.l.
Piazza Navona 49
00186 Roma
Tel.: +39-06-686-7841
Fax: +39-06-689-6075
Serin S.r.l.
Via Nerino 8
20123 Milano
Tel.: +39-02-7202-2215
Fax: +39-02-8901-0501
Email: serin2001@genie.it

ITALIAN COMMERCIAL BANKS

Sanpaolo Banco di Napoli S.p.A.
Via Toledo 177/178
80132 Naples
Tel.: +39-081-791-1111
Fax: +39-081-580-1343
Email: info.bdn@sanpaoloimi.com
Web: www.bancodinapoli.com

Capitalia Gruppo Bancario
(Established on July 1, 2002, the Capitalia Banking Group centralized strategy and governance for three traditional banks- Banca di Roma, Banco di Sicilia, Bipop-Carire- the consumer bank- Fineco- and the business bank- MCC. Its main activity is the management of capital in every possible form)

Via Minghetti 17
00187 Roma
Tel.: +39-06-54451
Web: www.capitalia.it

Banca di Roma
Viale Tupini 180
00144 Roma
Tel.: +39-06-54451
Email: webmaster@bancaroma.it
Web: www.bancaroma.it

Banco di Sicilia S.p.A.
Via Generale Magliocco 1
90141 Palermo
Tel.: +39-091-608-1111
Fax: +39-091-608-3222
Email: sicilbanco@bancodisicilia.it
Web: www.bancodisicilia.it

Banca Intesa S.p.A.
(The integration between Cariplo and Banco Ambrosiano Veneto (1998), the aggregation of Cassa di Risparmio di Parma e Piacenza and Banca Popolare FriulAdria (1999) and the subsequent merger with Banca Commerciale Italiana (2001) are the milestones of a process which has made IntesaBci the top Italian banking group and one of the protagonists in the European financial arena)
Via Monte di Piet  8
20121 Milano
Tel.: +39-02-879-11
Email: info@bancaintesa.it
Web: www.bancaintesa.it

Banca Nazionale del Lavoro BNL S.p.A.
Via Vittorio Veneto 119
00187 Roma
Tel.: +39-06-470-21
Fax: +39-06-4702-7250
Email: redazionebnl@bnlmail.com
Web: www.bnl.it

UniCredito Italiano S.p.A.
Direzione Centrale
Piazza Cordusio
20123 Milano
Tel.: +39-02-886-211
Email: info@unicredit.it
Web: www.unicredito.it

Banca Monte dei Paschi di Siena S.p.A.
Piazza Salimbeni 3
53100 Siena
Tel.: +39-0577-294-111
Fax: +39-0577-294-677
Web: www.mps.it

Sanpaolo IMI S.p.A.

Piazza San Carlo 156
10121 Torino
Tel.: +39-011-5551
Web: www.sanpaoloimi.com

WASHINGTON-BASED U.S. GOVERNMENT CONTACTS FOR ITALY

For a complete list of U.S. Export Assistance Centers throughout the United States you may consult:

U.S. Department of Commerce
Trade Information Center
Tel.: 1-800-USA-TRADE
www.buyusa.gov

U.S. Department of Commerce
Market Access & Compliance Office
David DeFalco, Italy Desk Officer
Room H-3042
14th Street and Constitution Ave, NW
Washington, DC 20230
Tel.: (202) 482-2178
Fax: (202) 482-2897
Email: David_De_Falco@ita.doc.gov
Web: www.mac.doc.gov

U.S. Department of Agriculture
Foreign Agricultural Service
1400 Independence Ave. S.W.
Washington, DC 20250
Trade assistance and promotion office:
Tel.: (202) 720-7420
Web: www.usda.gov

Overseas Private Investment Corporation
1100 New York Avenue, NW
Washington, DC 20527
Tel.: (202) 336-8400
Fax: (202) 408-9859
Email: info@opic.gov
Web: www.opic.gov

U.S. - BASED MULTIPLIERS RELEVANT FOR ITALY

National Italian American Foundation (NIAF)
(NIAF conducts cultural and educational events, sponsors exchange programs, works to enhance cultural, political, and economic relations between the United States and Italy and serves as an advocacy group)
1860 19th Street, NW
Washington, DC 20009
Tel.: (202) 387-0600
Fax: (202) 387-0800
Web: www.niaf.org

Delegation of the European Commission to the United States
2300 M Street, NW
3rd Floor
Washington, DC 20037
Tel.: (202) 862-9500
Fax: (202) 429-1766
Web: www.eurunion.org

AGRICULTURAL CONTACTS BY INDUSTRY

For the U.S.-based multipliers listed below, the country code **001** is to be dialed before dialing the listed phone number. Also, the European Based Multipliers whose listed offices are listed below must be reached by dialing **011** before the telephone numbers as needed.

Ag Export Councils

Chocolate Manufacturers Association
Susan Snyder Smith, Vice President
James Johnson, Int'l Marketing Services Dir
8320 Old Courthouse Road
Suite 300
Vienna, VA 22182
Tel.: (703) 790-5750
Fax: (703) 790-5752
Email: James.Johnson@CandyUSA.org
Web: www.nca-cma.org

Food Export U.S.A. - Northeast
Tim Hamilton, Executive Director
Public Ledger Bldg, Suite 1036
150 S. Independence Mall West
Philadelphia, PA 19106-3410
Tel.: (215) 829-9111
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Chapter 12. MARKET RESEARCH

Commercial Service Italy Industry Sector Analysis (ISA) reports for fiscal years 2004/2005 are available on the U.S. Department of Commerce website:

<http://www.export.gov/OneStopConsumer/OneStop/mrlogin.jsp>

Non-agricultural sectors

ISA REPORTS (fiscal year 2004):

Industry subsector: Biometrics Identification Systems

Date: September 2004

Researcher: Maria Calabria/Rome

Industry subsector: Air Pollution Control Equipment

Date: October 2003

Researcher: Leonarda Chiocchi/Rome

Industry subsector: Water Treatment Equipment and Services

Date: September 2004

Researcher: L.Chiocchi/Rome

Industry subsector: Broadband Technologies

Date: October 2003

Researcher: Mariella Stannus/Rome

Industry subsector: Update on the Non-Food Packaging Sector

Date: September 2004

Researcher: Alessandra Gola/Florence

Industry subsector: The Italian Educational Publishing Market

Date: September 2004

Researcher: Barbara Lapini/Florence

Industry subsector: Airport Safety and Security Equipment

Date: July 2004

Researcher: Cristiano Sartorio/Rome

Industry subsector: The Market for Tourism to the USA

Date: August 2004

Researcher: Simonetta Busnelli/Milan

Industry subsector: The Italian Franchising Sector

Date: September 2004

Researcher: Piera Gattinoni/Milan

Industry subsector: ICT Trends in Italy

Date: August 2004

Researcher: Nicoletta Postiglione/Milan

Industry subsector: Earthmoving Machinery in Italy

Date: July 2004

Researcher: Federico Bevini/Milan

Industry subsector: Life Insurance Sector in Italy

Date: September 2004
Researcher: A. Rosa/Milan

Industry subsector: Expansion of Marinas in Italy
Date: September 2004
Researcher: A. Parente/Naples

ISA REPORTS (fiscal year 2005):

Industry subsector: Solar and Wind Energy Generation Equipment
Date: May 2005
Researcher: C. Sartorio/Rome

Industry subsector: Solid Waste Recycling Equipment
Date: September 2005
Researcher: Leonarda Chiocchi/Rome

Industry subsector: The Pet Products Market
Date: August 2005
Researcher: S. Busnelli/Milan

Industry subsector: Commercial Security Equipment
Date: September 2005
Researcher: M. Calabria/Rome

Industry subsector: The Natural Products Sector in Italy
Date: September 2005
Researcher: P. Gattinoni/ Milan

Industry subsector: Stainless Steel in Italy
Date: September 2005
Researcher: F. Bevini/Milan

Industry subsector: Recycled Paper and Paperboard
Date: September 2005
Researcher: A. Gola/Florence

Industry subsector: Development of Italian Ports
Date: September 2005
Researcher: A. Parente/Naples

Industry subsector: Biotechnology
Date: August 2005
Researcher: B. Lapini/Florence

Industry subsector: Electronic Commerce
Date: September 2005
Researcher: N. Postiglione/Milan

Industry subsector: The Banking Sector in Italy
Date: September 2005
Researcher: A. Rosa/Milan

Agricultural sectors

Market Briefs are available at the U.S. Department of Agriculture website- <http://fas.usda.gov> under the heading "Attaché Reports."

A complete resource for exporting agricultural products to Italy may be found at the Agricultural Trade web site, <http://www.usembassy.it/agtrade>.

For additional information, you may contact:

In Italy:

Foreign Agricultural Service
American Embassy
Via Veneto 119
00187 Rome, Italy

Tel.: +39-06-4674-2396
Fax: +39-06-4788-7008
Email: agrome@usda.gov
Web: www.usembassy.it/agtrade/

From the United States

Foreign Agricultural Service
PSC 59 Box 13
APO AE, 09624

Chapter 13. TRADE EVENT SCHEDULE

(Last Quarter of Calendar Year 2003 and Calendar Years 2004 & 2005)

A. COMMERCIAL SERVICE TRADE EVENTS

(Note: the abbreviation IBP stands for "International Buyer Program," a special program of the Commercial Service which provides services to overseas business people wishing to attend trade shows in the United States. More information on this program can be obtained from http://www.export.gov/comm_svc/tradeevents.html)

Name of event: U.S. PAVILION AT SMAU
Event location: Milan, Italy
Industry theme: Information and Communications Technology
Date of event: October 21-25, 2004
Type of event: Trade Fair and Matchmaker
Organizer and contact information: Nicoletta Postiglione, CS Milan; tel.: +39-02-626-88522
fax: +39-02-659-6561; e-mail: Milan.Office.Box@mail.doc.gov

Name of event: U.S. PAVILION AT FRANCHISING & PARTNERSHIP
Event location: Milan, Italy
Industry theme: Franchising Services
Date of event: October 22-25, 2004
Type of event: Trade Fair and Matchmaker
Organizer/contact information: Piera Gattinoni, CS Milan; .: +39-02-626-88521
fax: +39-02-659-6561; e-mail: Milan.Office.Box@mail.doc.gov

Name of event: IBP: PACKEXPO
Event location: Chicago, Illinois USA
Date of event: November 7-11, 2004
Type of event: International Buyer Program
Organizer/contact information: A.Gola, CS Florence; +39-055-211-676;
fax: +39-055-283-780; e-mail: Florence.Office.Box@mail.doc.gov

Name of event: IBP: Greater New York Dental Meeting
Event location: New York, New York USA
Date of event: November 28-December 1, 2004
Type of event: International Buyer Program
Organizer/contact information: B.Lapini/A.Gola, CS Florence; tel.: +39-055-211-676;
fax: +39-055283780; e-mail: Florence.Office.Box@mail.doc.gov

Name of event: IBP: PROMAT Materials and Logistics Fair
Event location: Chicago, Illinois USA
Date of event: January 10-13, 2005
Type of event: International Buyer Program
Organizer/contact information: B.Lapini/A.Gola, CS Florence; tel.: +39-055-211-676;
fax: +39-055283780; e-mail: Florence.Office.Box@mail.doc.gov

Name of event: IBP: AUTOMOTIVE AFTERMARKET INDUSTRY WEEK
Event location: Las Vegas, Nevada USA
Industry Theme: Automotive
Date of event: November 2-5, 2004
Type of event: International Buyer Program
Organizer/contact information: A. Rosa, CS Milan; .: +39-02-626-88523;

fax: +39-02-659-6561; e-mail: Andrea.Rosa@mail.doc.gov

Name of event: U.S. PAVILION AT INFOSECURITY 2005
Event location: Milan, Italy
Industry theme: Computers/Peripherals, Computer Software, Computer Services, Telecommunications Equipment
Date of event: February 9-11, 2005
Type of event: Trade Fair and Matchmaker
Organizer/contact information: Nicoletta Postiglione, CS Milan; tel.: +39-02-626-88522
fax: +39-02-659-6561; email: Milan.Office.Box@mail.doc.gov

Name of event: U.S. PAVILION AT BIT 2005
Event location: Milan, Italy
Industry theme: Travel & Tourism
Dates of event: February 12-15, 2005
Type of event: Trade Fair
Organizer/contact information: Simonetta Busnelli, CS Milan, tel.: +39-02-626-88505
fax: +39-02-659-6561; e-mail: Milan.Office.Box@mail.doc.gov

Name of event: U.S. PAVILION AT THE BOLOGNA CHILDREN'S BOOK FAIR
Event location: Bologna, Italy
Date of event: April 13-16, 2005
Type of event: U.S. Pavilion
Organizer/contact information: B.Lapini/A.Gola, CS Florence; tel.: +39-055-211-676;
fax: +39-055283780; e-mail: Florence.Office.Box@mail.doc.gov

Name of event: U.S. PAVILION AT MIDO
Event location: Milan, Italy
Industry theme: Optical Goods, Frames, Lenses
Date of event: May 6-9, 2005
Type of event: Trade Fair
Organizer/contact information: Piera Gattinoni, CS Milan; tel.: +39-02-626-88521
fax: +39-02-659-6561; e-mail: Milan.Office.Box@mail.doc.gov

Name of event: AMERICAN PRODUCTS SAMPLE & LITERATURE CENTER AT PGA GOLF SHOW ITALIA 2005
Event location: Milan, Italy
Industry theme: Sporting goods, Golf products
Dates of event: April 7-9, 2005
Type of event: Trade Fair/Product Literature Center
Organizer/contact information: Valentina Massari, CS Milan; tel.: +39-02-626-88507;
fax: +39-02-659-6561; e-mail: Milan.Office.Box@mail.doc.gov

Name of event: U.S. PAVILION AT SANA
Event location: Bologna, Italy
Industry theme: Herbal, Natural and Environmentally Friendly Products
Date of event: September 9 – 12, 2004
September 8-11, 2005
Type of event: Trade Fair
Organizer/contact information: Piera Gattinoni, CS Milan; tel.: +39-02-626-88521;
fax: +39-02-659-6561; e-mail: Milan.Office.Box@mail.doc.gov

Name of event: SICUREZZA
Event location: Milan, Italy
Industry theme: Security Products

Dates of event: November 17-20, 2004

Type of event: US Pavilion

Organizer/contact information: Maria Calabria, CS Rome, tel.: +39-06-4674-2427; fax: +39-06-46742113; e-mail: Rome.Office.Box@mail.doc.gov

Name of event: U.S. PRODUCT LITERATURE CENTER AT SAIE

Event location: Bologna, Italy

Industry theme: Building Products and Systems

Dates of event: October 13-17, 2004

Type of event: Catalog Show

Organizer/contact information: Federico Bevini, CS Milan; phone +39/02-626-88520; fax: +39-02-629-6561; e-mail: Milan.Office.Box@mail.doc.gov

Name of event: CES INTERNATIONAL LAS VEGAS 2005

Event location: Las Vegas, Nevada (USA)

Date of event: January 6-10, 2005

Type of event: International Buyer Program

Organizer/contact information: Valentina Massari, CS Milan; tel.: +39-02-626-88507; Fax: +39-02-659-6561; e-mail: Milan.Office.Box@mail.doc.gov

Name of event: ZOOMARK

Event location: Bologna, Italy

Date of events: May 5-8, 2005

Type of event: International Pet Food and Supplies

Frequency: Biannual

Organizer/contact information: Simonetta Busnelli, CS Milan, tel.: +39-02-626-88505; fax: +39-02-659-6561; e-mail: Milan.Office.Box@mail.doc.gov

Name of event: U.S. Pavilion at TAU EXPO 2005

Event location: Milan, Italy

Industry theme: Environmental Technology

Dates of event: March 1-30, 2005

Type of event: Trade Fair

Organizer/contact information: Nicoletta Postiglione, CS Milan; tel.: +39-02-626-88520; Fax: +39-02-659-6561; e-mail: Milan.Office.Box@mail.doc.gov

Name of event: CONEXPO LAS VEGAS 2005

Event location: Las Vegas, Nevada (USA)

Dates of event: March 15-19, 2005

Type of event: International Buyer Program

Organizer/contact information: Federico Bevini, CS Milan; tel.: +39-02-626-88520; Fax: +39-02-659-6561; e-mail: Milan.Office.Box@mail.doc.gov

Name of event: IAAPA

Event location: Orlando, Florida (USA)

Dates of event: November 17-20, 2004

Type of event: International Buyer Program

Organizer/contact information: Albina Parente, CS Naples, tel: +39-081-5838206; Fax: +39-081-761-1592; e-mail: Naples.Office.Box@mail.doc.gov

B. OTHER SIGNIFICANT TRADE EVENTS

Name of event: ABITARE IL TEMPO

Event location: Verona, Italy

Industry theme: Furniture and Interior Decorating Products

Dates of event: September 16-20, 2004

September 15-19, 2005

Type of event: Annual

Organizer/contact information: Verona Fiere; tel.: +39-051-864310; fax: +39-051-864313;

website: www.abitareiltempo.com; e-mail: acropolisrl@tin.it

Name of event: TTG INCONTRI

Event location: Rimini, Italy

Industry theme: Travel & Tourism

Dates of event: October 22-24, 2004

October 2005

Type of event: Trade Fair, Annual

Organizer/contact information: TTG Italia SpA, Divisione Eventi; tel.: +39-02-86998471;

fax: +39-02-86998479; e-mail: longoni@ttgitalia.com; website: www.ttgitalia.com

Name of event: LINEAPELLE

Event location: Bologna, Italy

Date of events: April 26-28, 2005

October 25-27, 2005

Type of event: Hides and Skins

Frequency: Biannual

Organizer/contact information: Lineapelle; tel.: +39-02-880-7711; fax: +39-02-860-032;

e-mail: lineapelle@unic.it; website: www.lineapelle-fair.it

Name of event: MIFED – THE AUTUMN FILM MARKET

Event location: Milan, Italy

Industry theme: Films and Videos

Dates of event: October 12-16, 2004

Type of event: Annual Trade Fair

Organizer/contact information: Fiera Milano International SpA; tel.: +39-02-485501;

fax: +39-02-4800-4423; e-mail: mifed@aip-mifed.com; website: www.mifed.com

Name of event: AUTOPROMOTEC

Event location: Bologna, Italy

Industry theme: Automotive

Dates of event: May 18-25, 2005

Type of event: Biannual

Organizer/contact information: Promotec S.r.l.; tel.: +39-051-733000;

fax: +39-051-731886 / 733008; website: www.autopromotec.it/index_en.html

Name of event: EIMA

Event location: Bologna, Italy

Industry theme: International Exhibition of Agricultural Machinery Manufacturers & Exhibition of Gardening Machinery

Dates of event: November 10-14, 2004

November 2005

Type of event: Annual Trade Fair

Organizer/contact information: Unacoma Service S.r.l.; tel.: +39-06-4429-81;

fax: +39-06-4402-722; e-mail: unacoma@unacoma.it; website: www.eima.it

Name of event: RICH & MAC

Event location: Milan, Italy

Industry theme: Laboratory Instruments, Equipment for Chemical Industry

Dates of event: November 4-7, 2005

Type of event: Biennial Trade Fair

Organizer/contact information: E.I.O.M.; tel.: +39-02-6607-011; fax: +39-02-6607-0146;
e-mail: eiom.fairs@bias-net.com; website: www.ilb2b.it

Name of event: MACEF

Event location: Milan, Italy

Industry theme: International Exhibition of Tableware, Household and Gift Items, Silverware, Goldsmith's Items, Watches

Dates of event: January 21-24, 2005

September 3-6, 2005

Type of event: Trade Fair

Organizer/contact information: Fiera Milano International S.p.A.; tel.: +39-02-485501;

fax: +39-02-4800-4423; e-mail: macef@fmi.it; website: www.fmi.it/macef

Name of event: QUADRUN SACA

Event location: Bologna, Italy

Dates of event: February 17-20, 2005

Type of event: Moldings, Frames, Picture Frames, Accessories and Technology

Frequency: Annual

Organizer/contact information: Bologna Fiere, Piazza Costituzione 6, 40128 Bologna;

tel.: +39-051-282-111; fax: +39-051-282-332; website: www.smart.it

Name of event: SALONE INTERNAZIONALE DEL MOBILE

Event location: Milan, Italy

Industry theme: Furniture, kitchens, and office furnishings

Dates of event: April 13-18, 2005

Frequency: Annual

Type of event: Trade Fair

Organizer/contact information: Cosmit, Corso Magenta 96, 20123 Milan, Italy;

tel.: +39-02-725-941; fax: +39-02-8901-1563; website: www.cosmit.it

Name of event: LEGNO & EDILIZIA

Event location: Verona, Italy

Industry theme: Furniture, kitchens, and office furnishings

Date of events of event: February 17-20, 2005

Frequency: Biannual

Type of event: Wood & Construction

Organizer/contact information: tel.: +39-049-8753730; fax: +39-049-8756113

e-mail: info@legnoedilizia.it website: www.legnoedilizia.it

Name of event: MEDITERRANEAN SEAFOOD SHOW (MIA)

Event location: Rimini, Italy

Industry theme: International Seafood Show

Dates of event: February 5-7, 2005

Type of event: Annual

Organizer/contact information: Ente Fiera di Rimini; tel.: +39-0541-744111;

fax: +39-0541-744200; website: www.fierarimini.it

Name of event: MIPEL

Event location: Milan, Italy

Industry theme: Leathergoods

Dates of event: September 18-21, 2004

March 2005

Type of event: Trade Fair

Organizer/contact information: Aimpes-Mipel; tel.: +39-0258-511;

fax: +39-02-5845-1320; e-mail: segreteria@mipel.com; website: www.mipel.com

Name of event: FIERA AGRICOLA/Agritech
Event location: Verona, Italy
Industry theme: Gourmet Food
Dates of event: March 1-5, 2005
Type of event: Biannual
Organizer/contact information: Verona Fiere; tel.: +39-045-8298111;
fax: +39-045-82988288; website: www.veronafiere.it

Name of event: SAIEDUE
Event location: Bologna, Italy
Industry theme: Interior Architecture, Building Renewal, Technologies and Finishings
Dates of event: March 16-20, 2005
Type of event: Annual
Organizer/contact information: Bologna Fiere; tel.: +39-051-282111; fax: +39-051-282332;
website: www.smart.it/saiedue

Name of event: MIFUR 2004
Event location: Milan, Italy
Industry theme: Leather Goods and Fur
Dates of event: March 16-20, 2005
Type of event: Annual
Organizer/contact information: Ente Fieristico MIFUR; tel.: +39-02-7600-3315;
fax: +39-02-7602-2024; e-mail: mifur@mifur.com; website: www.mifur.com

Name of event: COSMOPROF
Event location: Bologna, Italy
Industry theme: International Perfumery and Cosmetics Exhibition
Dates of event: April 1-4, 2005
Type of event: Trade Fair
Organizer/contact information: SoGeCos S.r.l.; tel.: +39-02-796420; fax: +39-02-454708281;
e-mail: sogecos@cosmoprof.it; website: www.cosmoprof.it

Name of event: VINITALY
Event location: Verona, Italy
Industry theme: International Wine and Spirits Show
Dates of event: April 7-11, 2005
Type of event: Annual
Organizer/contact information: Veronafiere; tel.: +39-045-8298178; fax: +39-045-8298174;
website: www.veronafiere.it

Name of event: XYLEXPO
Event location: Milan, Italy
Industry theme: World Exhibition for Wood Working Technologies
Dates of event: May 16-26, 2006
Type of event: Biannual
Website: www.xylexpo.it

Name of event: SASMIL
Event location: Milan, Italy
Industry theme: International Exhibition of Accessories and Semi-finished Products for the Furniture Industry
Dates of event: May 2006
Type of event: Biannual
Organizer/contact information: Ente Fieristico Mifur; tel.: +39-02-76003315;
fax: +39-02-76022024; e-mail: fieramifur@wms.it; website: www.cosmit.it

Name of event: SALONE DELLA SEDIA
Event location: Udine, Italy
Industry theme: International Chair Fair
Dates of event: September 10-13, 2004
September 8-11, 2005

Type of event: Annual

Organizer/contact information: Promosedia S.p.A.; tel: +39-0432-745611 r.a.;
fax: +39-0432-755316; e-mail: promosedia@promosedia.it; website: www.promosedia.it

Name of event: SHOWCASE USA

Event location: Sorrento, Italy

Industry theme: Travel & Tourism

Dates of event: November 3-6, 2004

Type of event: Workshop, Annual

Organizer/contact information: Visit USA Association Italy/U.S. Commercial Service, Simonetta Busnelli, CS Milan, tel.: +39-02-62688505; fax: +39-02-659-6561;
e-mail: Milan.Office.Box@mail.doc.gov

Name of event: VICENZA ORO

Event location: Vicenza, Italy

Industry theme: International Exhibition of Gold, Silverware, Jewelry, and Gemology

Dates of event: January 16-23, 2005
June 12-17, 2005

Type of event: Trade Fair

Organizer/contact information: Fiera di Vicenza; tel.: +39-0444-969111; fax: +39-0444-969000; e-mail: vicenzafiera@vicenzafiera.it; website: www.vicenzaoro1.it; www.vicenzaoro2.it

Name of event: BIAS

Event location: Milan, Italy

Industry theme: Automation, Instrumentation, Microelectronics

Dates of event: September 14-17, 2004

Type of event: Biannual Trade Fair

Organizer/contact information: E.I.O.M. – Ente Italiano Organizzazione Mostre;
tel.: +39-02-6607-011; fax: +39-02-6607-0146;
e-mail: bias.group@bias-net.com; website: www.bias-net.com

Name of event: SALONE DEL GUSTO

Event location: Turin, Italy

Industry theme: Food & Beverage

Dates of event: October 21-25, 2004

Type of event: Biannual

Organizer/contact information: Slow Food Italia, tel.: +39-01724-36711;
fax: +39-01724-11299; website: www.slowfood.com

Name of event: MACFRUIT

Event location: Cesena, Italy

Dates of event: May 2005

Type of event: Horticultural and fruits

Frequency: Annual

Organizer/contact information: Agri Cesena S.p.A., Via Dismano 3845 Pievesestina di Cesena FO, tel.: +39-0547-371-435;
fax: +39-0547-318-431; website: www.macfruit.com